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# CALENDAR

## Finance Committee Board of Supervisors City and County of San Francisco

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JUN 30 1997

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for City  
1st floor  
6/27/97

### REGULAR MEETING

WEDNESDAY, JULY 2, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVE., ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

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### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



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The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, JULY 2, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 45-97-50. [Settlement of Litigation] Ordinance authorizing settlement of litigation of Pacific Gas & Electric Company v. City and County and other putative claims of City and County and Pacific Gas and Electric Company, as more fully set forth in Master Settlement Agreement, for payment by Pacific Gas and Electric Company to City and County of the sum \$132,494 and other valuable consideration. (Supervisor Leal) (COMPANION TO THE FOLLOWING FILES.)

ACTION:

2. File 259-97-1. [Pacific Gas and Electric Company] Resolution approving the use by the Pacific Gas and Electric Company for utility purposes those fiber optic facilities constructed, laid and used pursuant to the gas and electric franchises (Ordinance Nos. 413 and 414 (Series 1939), respectively). (Supervisor Leal) (COMPANION TO THE PRECEDING AND FOLLOWING FILE.)

ACTION:

3. File 123-97-4. [Assessments for Undergrounding] Ordinance amending Public Works Code Section 929 to allow assessments for undergrounding to be paid in a single lump sum or ten installments during a five year period. (Supervisor Leal) (COMPANION TO THE PRECEDING FILES.)

ACTION:

4. File 101-96-88. [Appropriation, Asian Art Museum/DPW] Ordinance appropriating \$32,499,633, Asian Art Museum and Department of Public Works, proceeds from the sale of Bonds (\$7,605,863 of 1989 Earthquake Safety Bonds and \$24,893,770 of Asian Art Relocation Project Bond) for the reconstruction of the former Public Library and relocation of the Asian Art Museum for fiscal year 1996-97; placing \$28,692,198 on reserve. RO #96327. (Controller)

ACTION:

5. File 172-97-28. [Bulk Natural Gas Agreements] Ordinance authorizing the General Manager of the Public Utilities Commission to execute the following agreements and annual renewals thereto: (1) an Energy Service Agreement with the State of California for purchase of bulk natural gas service, (2) a Natural Gas Service Agreement with PG&E for transportation of bulk natural gas purchased from the State of California, and (3) a Natural Gas Storage Services Agreement with PG&E for storage of bulk natural gas purchased from the State of California; waiving requirement of Section 12F.5 of the San Francisco Administrative Code that every contract shall contain a statement urging companies doing business in Northern Ireland to abide by the Macbride principles; waiving requirement of Section 12.1.5(b) of the San Francisco Administrative Code that every contract shall contain a statement urging companies not to use tropical hardwoods; waiving requirement of Section 12B.1.(a) of the San Francisco Administrative Code that every contract shall contain a nondiscrimination provision; and waiving requirement of Section 12J.3(b) of the San Francisco Administrative Code that every contractor attest that it is not a prohibited person or entity with investments or employees in Burma. (Public Utilities Commission)

ACTION:

6. File 101-95-61.5. [Reserved Funds, Fire Department] Hearing to consider release of reserved funds, Fire Department (1986 Fire Protection Bond interest earnings), in the amount of \$28,169.69 to fund the Auxiliary Water Supply System (AWSS) repair at Geary and Stockton Streets. (Fire Department)

ACTION:

DEPARTMENTAL BUDGET REVIEW HEARINGS  
CONSIDERATION CONTINUED FROM 6/26/97

7. File 100-97-1. [Annual Budget] Hearing to consider the Annual Budget of the City and County of San Francisco for Fiscal Year 1997-98. (Mayor)  
(Continued from 6/26/97.)

ACTION:

8. File 101-97-2. [Annual Appropriation Ordinance, FY 1997-98] Ordinance Annual Appropriation Ordinance, fiscal year 1997-98, an ordinance appropriating all estimated receipts and all estimated expenditures for the City and County of San Francisco for fiscal year ending June 30, 1998. (Mayor)  
(Continued from 6/26/97.)

ACTION:

9. File 102-97-2. [Annual Salary Ordinance, FY 1997-98] Ordinance Annual Salary Ordinance for fiscal year 1997-1998. (Mayor)  
(Continued from 6/26/97.)

ACTION:

10. File 161-97-7. Redevelopment Agency Budget and Bonds, FY 1997-98] Resolution approving the Budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1997-89; and approving the issuance by the Agency of bonds in an aggregate principal amount not to exceed \$43,000,000 for the purpose of financing redevelopment activities in fiscal year 1997-98. (San Francisco Redevelopment Agency)  
(Continued from 6/26/97.)

ACTION:

### LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 172-97-28. Bulk Natural Gas Agreements, Ordinance, (Public Utilities Commission), 30 day Rule expires 6/27/97.

File No. 108-97-3. Travel Allowance Limitation, United Airlines, (Supervisor Ammiano), 30 day Rule expires 7/9/97.

File No. 27-97-6. International Airport Management/Advisory Services, Resolution, (Supervisor Kaufman), 30 day Rule expires 7/9/97.

File No. 170-97-7.1. Modify purposes and use of 1992 earthquake safety loan bonds, Resolution, (Mayor), 30 day Rule expires 7/9/97.

File No. 60-97-4. Special Election. Water Revenue Bonds, \$157 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 60-97-5. Special Election. Water Revenue Bonds, \$147 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 262-97-1. China Basin Ballpark, CEQA and Environmental findings, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.


File No. 262-97-2. China Basin Ballpark, Disposition/Development Agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-3. China Basin Ballpark, Ground Lease, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-4. China Basin Ballpark, Non-relocation agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-5. China Basin Ballpark, CalTrans Parcel Purchase, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

Watch future calendars for scheduling of these matters.



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FINANCE COMMITTEE  
SAN FRANCISCO BOARD OF SUPERVISORS  
401 VAN NESS AVENUE, ROOM 308  
VETERANS BUILDING  
SAN FRANCISCO, CA 94102

**HEARING NOTICE**



CITY AND COUNTY



OF SAN FRANCISCO

## BOARD OF SUPERVISORS

### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

June 27, 1997

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

JUL 01 1997

SUBJECT: July 2, 1997 Finance Committee Meeting

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Items 1, 2, and 3 - Files 45-97-50, 259-97-1, and 123-97-4

**Department:** City Attorney  
Public Utilities Commission  
Hetch Hetchy  
Department of Public Works (DPW)  
Department of Telecommunications and Information Svcs.  
Department of Real Estate

**Items** Item 1, File 45-97-50 - Ordinance authorizing settlement of litigation regarding *Pacific Gas and Electric Company (PG&E) v. the City and County of San Francisco* and other putative claims of the City and County and PG&E, as more fully set forth in the Master Settlement Agreement, for payment by PG&E to the City \$132,494 and other valuable consideration, including 42 miles of utility undergrounding which, for PG&E's work alone [telephone and cable companies also share in the undergrounding costs], is valued by DPW at approximately \$40,000,000.

Item 2, File 259-97-1 - Resolution approving use by PG&E, of fiber optic facilities pursuant to PG&E's gas and electric franchises with the City.

Item 3, File 123-97-4 - Ordinance amending Part II, Chapter X of the Municipal Code (Public Works Code) to amend Section 929 of Article 118 (Utility Facilities) to allow assessments on property owners for abatement procedures for the undergrounding of utilities to be paid either in a single lump sum or in ten installments during a five year period, at the option of the property owner.

**Description:**

***File 45-97-50***

According to Mr. Tom Berliner of the City Attorney's Office, the City and PG&E are in the midst of two separate court cases over two issues related to the supply of electric power to the Presidio. The first case in Federal court involves the City's bid to sell power to the National Park Service (NPS). The City protested the decision by the NPS to award a contract to PG&E instead of to the City. That case is ongoing and is unaffected by the subject legislation.

The second case pending in State court resulted from an audit by the Controller for the years of 1991 through 1995 in which the Controller found that PG&E failed to pay to the City \$132,494 in franchise fees due from PG&E's sales of gas and electricity at the Presidio. PG&E acknowledged that it had not paid such franchise fees to the City on its gas and electric sales at the Presidio, but argued that in accordance with its franchise agreement with the City and decisions made by the Board of Supervisors in the 1940's, PG&E was not required to pay such fees to the City. As a result, PG&E filed a cross-complaint against the City.

Mr. Berliner further advises that in February of 1996, the City Attorney's Office and PG&E initiated discussions about a possible settlement regarding this litigation matter. Over the course of those discussions, Mr. Berliner advises that the City's Public Utilities Commission, Department of Public Works, and the Department of Telecommunications and Information Services addressed issues concerning power sales, undergrounding and permitting, and the use of PG&E's conduit. Each of those issues is addressed in the proposed Master Settlement Agreement between the City and PG&E (File 45-97-50).

The proposed ordinance (File 45-97-50, Item 1) would authorize the City Attorney, on behalf of the City to settle the lawsuit entitled *Pacific Gas and Electric Company v. City and County of San Francisco*, by PG&E paying the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



City \$132,494 and rendering unto the City other consideration, as discussed below. The settlement agreement is contained in a Master Settlement Agreement ("Master Agreement") between PG&E and the City, on file with the Clerk of the Board of Supervisors. The Master Agreement has a term of 4<sup>1/2</sup> years, but several of the matters would survive beyond the basic term. The effective date of the Master Agreement is the last date upon which all of the following conditions are met:

The parties have executed the Master Settlement Agreement;

The Board of Supervisors have approved the Master Settlement Agreement;

The Board of Supervisors have approved (Item 2, File 259-97-1) the use of fiber optic cables pursuant to PG&E gas and electric franchises awarded by the City.

By entering into the Master Agreement, the City and PG&E agree that it is in their mutual interest to resolve the following matters:

Franchise rights and obligations regarding Federal Enclaves;

Franchise Facilities;

Billing Errors and Related Disputes;

Correct existing errors in the identification of Municipal power loads.

Major parts of the Master Agreement are as follows:

- PG&E and the Department of Public Works would cooperate to underground approximately 42 miles of overhead electric wires and coordinate such work with PG&E's natural gas pipeline replacement program. This would significantly reduce the disruption and expense caused by digging trenches twice along the same City streets. The coordination would result in significant savings for PG&E's customers and City residents. In addition, PG&E would agree to actively recruit minority- and women-owned-businesses in furtherance of its work. PG&E shall also seek to employ local

businesses and individuals, as work may be available in conjunction with the pipeline replacement program and the undergrounding project.

- The City would add to its municipal power load approximately 150 PG&E electric customers located on Port or City-owned land, and would also serve certain industrial customers. These customers would receive service from Hetch Hetchy Water and Power, the City's hydroelectric facility, and the City could receive up to approximately \$37 million in net revenue from these customers in the next five years. The City may continue to serve these customers after the agreement expires but the value of these customers after 2001 is difficult to assess due to electric industry restructuring and greater competition.
- The City and PG&E would resolve their current litigation over franchise fees due to the City from gas and electricity sales by PG&E at the Presidio. PG&E would pay the City \$132,494, the amount which the Controller found to be due to the City. PG&E would continue to pay franchise fees on its gas and electricity sales at the Presidio in the future.
- PG&E would grant the City privileges to use available conduit owned by PG&E. This would enable the City to install its own fiber optic broadband high-speed municipal communications network between City offices which would substantially reduce the cost incurred by the City for telecommunications and would increase City government efficiency. PG&E would continue to use its fiber optic network under the franchise agreements it has with the City.
- PG&E would sell the City a parcel of surplus land on Caesar Chavez Street at a price of \$3,841,000, subject to certain offsets, credits, and other terms set forth in Appendix K of the Master Agreement, including a remediation of hazardous materials provision. This parcel is owned by PG&E and is leased to the Department of Public Works at a rental cost to the City of \$276,000 annually. This transaction would save the City \$276,000 annually by avoiding such lease payments and enable PG&E to dispose of its surplus land in Caesar Chavez Street. According to Mr. Tony DeLucchi of the Real Estate Department, \$3,841,000 represents the fair market value of the subject parcel.

The Master Agreement refers to and incorporates the Appendices shown in Attachment I to this report which, together with the basic agreement, constitute the Master Agreement. The documents that require signature by representatives of the City are the Master Agreement and Appendices B, C, F, and G.

Attachment II to this report is a Fact Sheet developed by the City Attorney's Office that shows in a condensed format the major elements of the Master Agreement.

***File 259-97-1***

In conjunction with the proposed Master Agreement, the City and PG&E also are resolving a potential conflict over a communications network PG&E installed in San Francisco to monitor PG&E's electric distribution system and provide telecommunications between PG&E offices. As part of this agreement, the City would agree that PG&E's use of its communications network for these purposes is consistent with the terms of its gas and electric franchises with the City.

The City identified 26 public buildings in which the need for high speed data communications, voice communications and video conferencing will be greatest in the next five years. Under the proposed agreement, PG&E will guarantee the City access to PG&E conduit to those 26 public buildings, to an additional 20 public buildings in the 10 years after 2002, and to one additional public building in each five-year period thereafter. The City may use PG&E conduit to install its own fiber-optic network. Attachment III is a list of the City's 26 buildings.

Approval of the proposed resolution (Item 2, File 259-97-1), which would approve the use of PG&E's fiber optic facilities constructed and used pursuant to the gas and electric franchises, is a condition precedent for implementation of the Master Agreement. Appendix J of the Master Agreement contains the *Fiber Optic Cable Agreement*.

***File 123-97-4***

The proposed ordinance (Item 3, File 123-97-4) would amend Section 929 of the Public Works Code, *Costs of Service Lateral Installation by City*, which provides that whenever a service lateral reconnection [the connection

from PG&E's main service line in the street to the property's electrical meter] to a building or other structure is installed by DPW or a contractor at the direction of DPW, which would occur if the property owner has not performed the necessary work to accept utilities underground for financial or other reasons, the cost thereof shall be paid from the "Underground Service Lateral Fund" and assessed against the property upon which the particular building or other structure is located. The proposed ordinance would amend Section 929 to provide that the foregoing assessment may be paid in one lump sum payment or in ten installments, which would be comprised of bi-annual payments during a five year period. If the property owner chooses to pay the assessment installments, a six percent interest charge would be added annually.

According to Mr. Tom Trimbur of the Department of Public Works, the purpose of the proposed amendment to Section 929 is to provide financial relief to those property owners who would otherwise be obligated to pay a possible significant tax assessment with a single, lump sum payment.

**Comments:**

1. Pursuant to rules established by the California Public Utilities Commission, PG&E sets aside funding each year to contribute toward undergrounding overhead wires in every city in which it does business. San Francisco's allocation from PG&E for undergrounding overhead wires is the largest in PG&E's service territory and San Francisco also has the largest surplus of unused funding, which as of the writing of this report is approximately \$20 million, according to Mr. Trimbur. The 4<sup>1/2</sup> year undergrounding project would accelerate spending so that, by the end of the period, San Francisco will have put nearly all of its surplus allocation to use. According to Mr. Berliner, this is especially important as other cities have recently begun looking at ways to reallocate the funding surpluses of larger cities like San Francisco for distribution to smaller cities with less funding. By using its allocation in the 4<sup>1/2</sup> term of the Master Agreement, San Francisco avoids such potential reallocation.

2. PG&E and the City would coordinate the construction of PG&E's natural gas pipeline replacement program and the City's increased electric undergrounding project. Mr. Trimbur has stated that by combining the undergrounding work with the pipeline replacement program, the City and the utility would save substantially on excavation, permitting and construction costs. Also, according to Mr.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



**Items 1, 2 and 3 - Files 45-97-50, 45-97-51 and 45-97-52**

Trimbur, disruption to neighborhoods will be minimized. The approximately 42 miles of utility undergrounding which would be accomplished during the 4<sup>1/2</sup> year period, for PG&E's work alone [telephone and cable companies also share in the undergrounding costs], is valued by DPW at approximately \$40,000,000.

3. Approximately 150 current PG&E retail electric customers, and separately identified industrial customers presently served by PG&E, consisting of 1.37 million megawatt hours of assigned customer sales over 4.5 years, would instead receive electric service from Hetch Hetchy Water & Power, the City's hydroelectric department. These additional electric sales would result in increased net revenues to the City of approximately \$8 million per year or \$37 million over the 4<sup>1/2</sup> year Master Agreement. The additional sales will come from two types of transactions:

- a. Most of the 150 current PG&E customers that now receive electricity from PG&E are located on City-owned or Port-owned property. The net revenue to the City from transferring these customers to Hetch Hetchy is approximately \$3.5 million per year or \$17 million over the 4<sup>1/2</sup> year term of the agreement. The City may continue to serve these customers after the agreement expires, but the value of these customers after 2001 is difficult to assess due to electric industry restructuring and greater competition.
- b. Hetch Hetchy would serve additional "assigned industrial customers," as defined above, pursuant to the 1987 Interconnection Agreement between the City and PG&E, which specifies terms, conditions, and rates for electrical support services provided by PG&E to Hetch Hetchy. This allows Hetch Hetchy to provide power to specified PG&E customers under certain conditions. These additional customers would provide the City with approximately \$4 million a year in additional net revenue, or approximately \$20 million over the 4<sup>1/2</sup> year term of the Master Agreement. According to Mr. Berliner, in order for the City to realize the additional revenues from the industrial customers to be assigned to Hetch Hetchy, the Board of Supervisors will need to approve the applicable assessment districts pertaining to the 42 miles of utility undergrounding, as set forth in the schedule in the Master Agreement.

4. According to Mr. Fred Weiner of the Department of Telecommunications and Information services, without the PG&E conduit, the City estimates that construction costs to build conduit between its initial 26 buildings could be as high as \$12.5 million.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

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5. The Department of Public Works currently leases the Caesar Chavez Street property owned by PG&E to use for storing its equipment. Purchase of the property would avoid the necessity for annual lease payments. The City would purchase the property on terms consistent with PG&E's legal obligations under the Public Utilities Code Section 851 which governs disposition of utility property. The transaction will be subject to the approval of the California Public Utilities Commission and the San Francisco Board of Supervisors. Payment for this property will be undertaken by DPW as part of its capital program within the normal budget process.

6. As shown in Attachment II, the net realized revenues to the City of the proposed Master Agreement over its 4<sup>1/2</sup> year term is approximately \$37 million.

7. According to Ms. Cynthia Goldstein of the Human Rights Commission (HRC), PG&E is not registered as complying with the City's Equal Benefits Ordinance. According to Mr. Sam Lauter of PG&E, PG&E currently does provide such benefits and is in the process of documenting its compliance with the City's Equal Benefits Ordinance.

#### 8. Summary

In summary, by approving the Master Settlement Agreement between the City and PG&E and approving the use by PG&E of fiber optic facilities pursuant to PG&E's gas and electric franchises with the City (Items 1 and 2, Files 45-97-50 and 259-97-1), the Board of Supervisors would authorize the City Attorney, on behalf of the City, to settle the lawsuit entitled *Pacific Gas and Electric Company v. City and County of San Francisco*, by (1) PG&E paying the City \$132,494 in franchise fees from sales of gas and electricity at the Presidio due to the City, as determined by the Controller; (2) PG&E and DPW cooperating to underground approximately 42 miles of overhead wires and poles [the value of PG&E's work alone is estimated to be approximately \$40,000,000 by Mr. Trimbur of DPW]; (3) PG&E relinquishing to the City approximately 150 PG&E electric customers, located on Port or City-owned land, who would receive service from Hetch Hetchy; (4) PG&E granting to the City privileges to use available conduit owned by PG&E; and (5) PG&E conveying surplus land, consisting of approximately 4.07 acres at 2323 Caesar Chavez Street, to the City for the sum of \$3,841,000, subject to

Trimbur, disruption to neighborhoods will be minimized. The approximately 42 miles of utility undergrounding which would be accomplished during the 4<sup>1/2</sup> year period, for PG&E's work alone [telephone and cable companies also share in the undergrounding costs], is valued by DPW at approximately \$40,000,000.

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- b. Hetch Hetchy would serve additional "assigned industrial customers," as defined above, pursuant to the 1987 Interconnection Agreement between the City and PG&E, which specifies terms, conditions, and rates for electrical support services provided by PG&E to Hetch Hetchy. This allows Hetch Hetchy to provide power to specified PG&E customers under certain conditions. These additional customers would provide the City with approximately \$4 million a year in additional net revenue, or approximately \$20 million over the 4<sup>1/2</sup> year term of the Master Agreement.

4. According to Mr. Fred Weiner of the Department of Telecommunications and Information services, without the PG&E conduit, the City estimates that construction costs to build conduit between its initial 26 buildings could be as high as \$12.5 million.

5. The Department of Public Works currently leases the Caesar Chavez Street property owned by PG&E to use for storing its equipment. Purchase of the property would avoid the necessity for annual lease payments. The City would purchase the property on terms consistent with PG&E's legal obligations under the Public Utilities Code Section 851 which governs disposition of utility property. The transaction will be subject to the approval of the California Public Utilities Commission and the San Francisco Board of Supervisors. Payment for this property will be undertaken by DPW as part of its capital program within the normal budget process.

6. As shown in Attachment II, the net realized revenues to the City of the proposed Master Agreement over its 4<sup>1/2</sup> year term is approximately \$37 million.

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#### 8. *Summary*

In summary, by approving the Master Settlement Agreement between the City and PG&E and approving the use by PG&E of fiber optic facilities pursuant to PG&E's gas and electric franchises with the City (Items 1 and 2, Files 45-97-50 and 259-97-1), the Board of Supervisors would authorize the City Attorney, on behalf of the City, to settle the lawsuit entitled *Pacific Gas and Electric Company v. City and County of San Francisco*, by (1) PG&E paying the City \$132,494 in franchise fees from sales of gas and electricity at the Presidio due to the City, as determined by the Controller; (2) PG&E and DPW cooperating to underground approximately 42 miles of overhead wires and poles [the value of PG&E's work alone is estimated to be approximately \$40,000,000 by Mr. Trimbur of DPW]; (3) PG&E relinquishing to the City approximately 150 PG&E electric customers, located on Port or City-owned land, who would receive service from Hetch Hetchy; (4) PG&E granting to the City privileges to use available conduit owned by PG&E; and (5) PG&E conveying surplus land, consisting of approximately 4.07 acres at 2323 Caesar Chavez Street, to the City for the sum of \$3,841,000, subject to



Memo to Finance Committee  
July 2, 1997

certain offsets, credits, and other terms. Net projected revenues to the City are estimated to be approximately \$37 million over the 4<sup>1/2</sup> year period.

Approval of Item 3, File 123-97-4 would provide property owners with the option of paying for lateral service connections in semi-annual payments over a five year term, rather than in a lump-sum, single payment.

**Recommendation:** Approval of the proposed legislation are policy matters for the Board of Supervisors.

**MASTER AGREEMENT**

This Master Agreement refers to and incorporates the following appendices which, together with the basic document, constitutes the Master Agreement:

- Appendix A — Proposed Qualified Districts
- Appendix B — Side-Letter regarding support for outreach and implementation of Underground Project
- Appendix C — Side-Letter regarding provision of electric service connections in Qualified Districts
- Appendix D — Side-Letter regarding clarification of accounts to be served as municipal load pursuant to 1987 PG&E/City Interconnection Agreement
- Appendix E — Letter to municipal load accounts regarding change of service from PG&E to Hetch Hetchy Water & Power
- Appendix F — Side-Letter regarding clarification of Assigned Customers pursuant to Master Agreement
- Appendix G — Settlement Agreement by and between City and County of San Francisco and Pacific Gas and Electric Company (regarding Federal Enclaves and related litigation)
- Appendix H — Stipulated Judgment (regarding Federal Enclaves and related litigation)
- Appendix I — Resolution Approving Use of Fiber-Optic Cables Pursuant to Gas and Electric Franchises for Utility Purposes
- Appendix J — Fiber Optic Cable Agreement
- Appendix K — Memorandum of Understanding to Purchase Real Property 2323 Caesar Chavez (Army) Street, San Francisco, California

FACT SHEET

**PROPOSED AGREEMENT BETWEEN PG&E AND CCSF REGARDING  
UNDERGROUNDING, ELECTRIC SUPPLIES, FIBER OPTIC NETWORK,  
AND SETTLEMENT OF LITIGATION**

<u>ITEM</u>	<u>ACTIVITY</u>	<u>INFORMATION</u>
<b>UNDERGROUNDING PROGRAM</b>	42 miles of streets over 4.5 year period	Initial streets designated, Board of Supervisors to designate additional streets up to 42 miles. Possible continuation of program after 4.5 years
<b>ELECTRIC SUPPLY</b>		
Municipal load	Additional approximately 150 customers of municipal load	\$3.5 million per year (\$17.5 million over 4.5 years) (gross revenues)
Assigned Customer Sales	1.37 million megawatt hours of assigned customer sales over 4.5 years	\$7 million per year, average. Total \$34.3 million (gross revenues)
<b>FIBER OPTIC NETWORK</b>	Access to PG&E conduit to connect City buildings to fiber optic network	City could install fiber optic network hardware to make system operable
<b>UNDERGROUNDING &amp; ELECTRIC PROGRAM COSTS</b>		
Street lighting cost	Hetch Hetchy will install street lights on undergrounded streets	\$8.8 million over 4.5 years
Staffing; Street light design, Abatement fund	Staffing, establishment of abatement fund	\$4 million over 4.5 years
DTIS fiber-optic development	Costs to design network –Hardware is additional	\$500,000
Electricity billing	Increased staffing & costs for municipal load	\$1.25 million
<b>NET PROGRAM REVENUES TO THE CITY</b>	Revenues minus all costs identified above	\$37 million over 4.5 years
<b>SETTLEMENT OF LITIGATION</b>	Franchise fee litigation for Presidio sales	Recovery of \$132,494 for years 1991-1995 per Controller's audit

**26 CITY LOCATIONS PLANNED FOR  
PG&E PROVIDED CONDUIT FOR  
FIBER OPTIC CABLING**

<b><u>Department/Function</u></b>	<b><u>Location</u></b>
1. MUNI PRESIDIO	949 PRESIDIO
2. MISSION POLICE STATION	630 VALENCIA STREET
3. CONTROLLER'S PAYROLL	160 S. VAN NESS AVENUE
4. CCSF OFFICE	25 VAN NESS AVENUE
5. WATER DEPT.-MASON	425 MASON STREET
6. SOCIAL SERVICES	1440 HARRISON
7. SOCIAL SERVICES	1135 MISSION
8. CITY HALL	400 VAN NESS AVENUE
9. NEW COURT BLDG.	450 MC ALLISTER
10. HEALTH DEPT.	101 GROVE
11. OFFICE OF EMERGENCY SVCS. (OES)	1003 TURK
12. NEW OES	ACROSS FROM 1003 TURK
13. NEW MAIN LIBRARY	100 LARKIN STREET
14. ISD DATA CENTER	ONE MARKET PLAZA
15. HALL OF JUSTICE	650 BRYANT STREET
16. ISD, PUC, MUNI	1155 MARKET STREET
17. DPW	30 VAN NESS AVENUE
18. S.F. GENERAL	1001 POTRERO
19. HEALTH DEPT. DATA	1380 HOWARD/10TH STREET
20. HUMAN RESOURCES DEPT.	44 GOUGH
21. SOCIAL SERVICES	150/170 OTIS
22. PLANNING DEPT. and DBI	1650 MISSION
23. DPW ENGINEERING	1680 MISSION
24. NEW FIRE DEPT. HEADQUARTERS	2ND & TOWNSEND
25. CITY OFFICES	875 STEVENSON STREET
26. FERRY BLDG.	EMBARCADERO

Item 4 - File 101-96-88

**Department:** Asian Art Museum (AAM)  
Department of Public Works (DPW)

**Item:** Ordinance appropriating \$32,499,633 in proceeds from the sale of bonds, including \$7,605,863 of 1989 Public Safety Improvement General Obligation (G.O.) Bonds and \$24,893,770 of 1994 Old Main Library/Asian Art Museum General Obligation (G.O.) Bonds, for the reconstruction of the old Main Library and the related relocation of the Asian Art Museum, placing \$28,392,198 on reserve.

**Amount:** \$32,499,633

**Source of Funds:**

1989 Public Safety Improvement G.O. Bonds:	\$7,605,863
1994 Old Main Library/AAM G.O. Bonds:	<u>24,893,770</u>
<b>Total</b>	<b>\$32,499,633</b>

**Description:** In the year 2000, the Asian Art Museum will be relocating from its present site in Golden Gate Park to the old Main Library building at 200 Larkin Street. In order for the relocation to occur, the old Main Library building needs to undergo extensive seismic upgrading, repairs, asbestos abatement, disabled access and various interior and exterior improvements. According to Ms. Tina Olson of the Department of Public Works, pre-construction hazardous material abatement work will begin in the Summer of 1997 and will be completed by the end of 1997, while the seismic upgrading and other improvements will begin in the Fall of 1998 and will be completed in the year 2000.

The Asian Art Museum Relocation Project will cost a total of approximately \$91,150,000 to complete and will be funded through \$9,420,000 in 1989 Public Safety Improvement G.O. Bond funds, \$41,730,000 in 1994 Old Main Library/Asian Art Museum G.O. Bond funds, and approximately \$40 million in private donations. This subject request would appropriate a portion of the funding from the 1989 Public Safety Improvement G.O. Bonds (\$7,605,863) and the 1994 Old Main Library/Asian Art Museum G.O. Bonds (\$24,893,770).

In 1989, the voters of San Francisco approved the 1989 Public Safety Improvement G.O. Bonds, in the amount of \$59.7 million, of which \$9,420,000 was to be used for the seismic upgrading, repairs, and asbestos abatement for the old Main Library building. Of the \$9,420,000, the Board of Supervisors previously appropriated \$1,814,137 for feasibility

studies, planning and programming, preservation, architecture services, soils investigations, DPW design and administration fees and bond issuance costs, leaving a balance of \$7,605,863. The proposed supplemental funding request would appropriate this remaining \$7,605,863. These funds would allow the AAM and DPW to continue the seismic upgrade, repair and asbestos abatement work on the old Main Library building.

In 1994, the voters of San Francisco approved the issuance of \$41,730,000 in 1994 Old Main Library/Asian Art Museum G.O. Bonds to provide funds for contractual services for certain improvements necessary to relocate the Asian Art Museum to the old Main Library building. The proposed supplemental funding request would appropriate \$24,893,770 of the \$41,730,000 bond, leaving a balance of \$16,836,230 in bonds to be issued and appropriated. This \$24,893,770 request would be used to demolish the 45 Hyde Street building located directly behind the old Main Library for use as a construction staging site during the main construction project, and to seismically upgrade and make various improvements and buildouts to the old Main Library building.

**Budget:** Attachment I, provided by Ms. Olson of DPW, contains a budget for this \$32,499,633 request, including the bond funding sources to pay for this request.

**Comments:** 1. Through a 1990 Memorandum of Understanding (MOU) between the Asian Art Museum and the Department of Public Works, DPW is assisting the AAM in administering, managing and overseeing the expenditures and implementation of the 1989 Public Safety Improvement G.O. Bond Funds and to execute five pre-construction projects at the 45 Hyde Street and the 200 Larkin Street buildings. These projects are required prior to seismically upgrading and renovating the old Main Library building (see Attachment I).

2. Ms. Ikuko Satoda of the Asian Art Museum, reports that the Museum has raised \$30 million of the anticipated \$40 million in private donations. Ms. Satoda advises that the remaining \$10 million should be raised within the 1997-98 Fiscal Year.

3. The proposed ordinance places \$28,392,198, of the total \$32,499,633 requested, on reserve. However, because DPW has not identified contractors for four out of the five proposed pre-construction projects, the Budget Analyst recommends

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



Memo to Finance Committee  
July 2, 1997 Finance Committee Meeting

JUL 01 1997

SAN FRANCISCO  
PUBLIC LIBRARY**REVISED** Item 4 - File 101-96-88

that the \$3,610,540 requested for four out of the five projects be additionally placed on reserve, for a total reserve of \$32,002,738, pending selection of contractors, submission of cost details, MBE/WBE status of the contractors and subcontractors, and compliance with the Equal Benefits Ordinance. Ms. Olson advises that contractors will be selected through the City's Invitation for Bids competitive bidding process.

4. Mr. Mark Dorian of DPW, advises that DPW on behalf of the Asian Art Museum, received four bids to conduct the fifth proposed pre-construction project, the Hyde Street Demolition Project. Attachment II, provided by Mr. Dorian contains a list of all the bidders, the amounts of each bid, and the MBE/WBE status.

5. The low bid of \$322,817 was submitted by Bluewater Environmental Services, Inc., which is not an MBE/WBE firm. This bid of \$322,817 is \$27,183 less than the budgeted amount of \$350,000 for the Hyde Street Demolition Project. Ms. Olson states that an 8.4 percent contingency of \$27,183 is budgeted, for a total project cost of \$350,000.

6. The Purchaser advises that Bluewater Environmental Services is not registered as complying with the City's Equal Benefits Ordinance. According to Mr. Chris Kirschenheuter of Bluewater Environmental Services, Bluewater Environmental Services currently does not provide health benefits to any of its employees. Mr. Kirschenheuter states that he has submitted this information to the City.

**Recommendations:** 1. In accordance with Comment No. 3 above, amend the proposed ordinance by reserving \$32,002,738, an increase of \$3,610,540 from the original proposed amount of \$28,392,198, pending selection of the contractors, submission of cost details, MBE/WBE status of the contractors and subcontractors, and compliance with the Equal Benefits Ordinance.

2. Approve the proposed ordinance as amended, contingent upon the proper documentation being filed with the Purchaser regarding the Equal Benefits Ordinance.

New Asian Art Museum  
Supplemental Funding RequestProject  
Description  
and Budget:***1989 Public Safety Improvement Projects Bonds***

\$3,679,352 of the \$7,605,863 1989 bond supplemental appropriation will fund four pre-construction projects to be managed by DPW and DPW's bond/financial management fees as follows:

<u>Project Description</u>	<u>Amount</u>
<b><i>1. 45 Hyde Street - Environmental Hazards Management</i></b> DPW will hire a contractor(s) to abate and dispose of various hazardous materials from the 45 Hyde Street site such as asbestos and lead.	\$335,700
<b><i>2. 200 Larkin Street - Environmental Hazards Management</i></b> DPW will hire a contractor(s) to abate and dispose of hazardous materials such as asbestos and lead as well as conducting any necessary repairs that result from that abatement.	1,055,840
<b><i>3. 200 Larkin Street - Earthquake Damage Cosmetic Repairs</i></b> DPW will hire a contractor to complete Phase 3 of earthquake damage repairs to the exterior and interior finishes of the Old Main Library building.	1,150,000
<b><i>4. 200 Larkin Street - Selective Demolition</i></b> DPW will hire a contractor to demolish selective areas in the 200 Larkin Street building that are obsolete or out of character for the seismic upgrade and renovation project such as certain architectural, mechanical, electrical fixtures, and cabinetry. The areas to be demolished will have been reviewed and approved by the Asian Art Museum, the Art Commission and the Landmarks Advisory Board to insure that the demolition scope represents a realistic and	<u>1,069,000</u>



Memo to Finance Committee  
July 2, 1997 Finance Committee Meeting

that the \$3,610,540 requested for four out of the five projects be additionally placed on reserve, for a total reserve of \$32,002,738, pending selection of contractors, submission of cost details, MBE/WBE status of the contractors and subcontractors, and compliance with the Equal Benefits Ordinance. Ms. Olson advises that contractors will be selected through the City's Invitation for Bids competitive bidding process.

4. Mr. Mark Dorian of DPW, advises that DPW on behalf of the Asian Art Museum, received four bids to conduct the fifth proposed pre-construction project, the Hyde Street Demolition Project. Attachment II, provided by Mr. Dorian contains a list of all the bidders, the amounts of each bid, and the MBE/WBE status.

5. The low bid of \$322,817 was submitted by Bluewater Environmental Services, Inc., which is not an MBE/WBE firm. This bid of \$322,817 is \$27,183 less than the budgeted amount of \$350,000 for the Hyde Street Demolition Project.

6. The Purchaser advises that Bluewater Environmental Services is not registered as complying with the City's Equal Benefits Ordinance. According to Mr. Chris Kirschenheuter of Bluewater Environmental Services, Bluewater Environmental Services currently does not provide health benefits to any of its employees. Mr. Kirschenheuter states that he has submitted this information to the City.

- Recommendations:**
1. In accordance with Comment No. 3 above, amend the proposed ordinance by reserving \$32,002,738, an increase of \$3,610,540 from the original proposed amount of \$28,392,198, pending selection of the contractors, submission of cost details, MBE/WBE status of the contractors and subcontractors, and compliance with the Equal Benefits Ordinance.
  2. In accordance with Comment No. 5 above, amend the proposed ordinance by reducing the amount requested from \$32,499,633 to \$32,472,450 for a difference of \$27,183, which is the difference between the budgeted amount of \$350,000 and the actual winning bid of \$322,817.
  3. Approve the proposed ordinance as amended, contingent upon the proper documentation being filed with the Purchaser regarding the Equal Benefits Ordinance.

New Asian Art Museum  
Supplemental Funding Request

**Project  
Description  
and Budget:**

***1989 Public Safety Improvement Projects Bonds***

\$3,679,352 of the \$7,605,863 1989 bond supplemental appropriation will fund four pre-construction projects to be managed by DPW and DPW's bond/financial management fees as follows:

<u><b>Project Description</b></u>	<u><b>Amount</b></u>
<p><b><i>1. 45 Hyde Street - Environmental Hazards Management</i></b></p> <p>DPW will hire a contractor(s) to abate and dispose of various hazardous materials from the 45 Hyde Street site such as asbestos and lead.</p>	\$335,700
<p><b><i>2. 200 Larkin Street - Environmental Hazards Management</i></b></p> <p>DPW will hire a contractor(s) to abate and dispose of hazardous materials such as asbestos and lead as well as conducting any necessary repairs that result from that abatement.</p>	1,055,840
<p><b><i>3. 200 Larkin Street - Earthquake Damage Cosmetic Repairs</i></b></p> <p>DPW will hire a contractor to complete Phase 3 of earthquake damage repairs to the exterior and interior finishes of the Old Main Library building.</p>	1,150,000
<p><b><i>4. 200 Larkin Street - Selective Demolition</i></b></p> <p>DPW will hire a contractor to demolish selective areas in the 200 Larkin Street building that are obsolete or out of character for the seismic upgrade and renovation project such as certain architectural, mechanical, electrical fixtures, and cabinetry. The areas to be demolished will have been reviewed and approved by the Asian Art Museum, the Art Commission and the Landmarks Advisory Board to insure that the demolition scope represents a realistic and</p>	<u>1,069,000</u>

New Asian Art Museum  
Supplemental Funding Request

sensitive solution to the historic and decorative features of the building.

**Subtotal Pre-construction Projects****\$3,610,540**

(All of these funds will go toward consultants and construction contractors which will all be put out to bid per the project schedule approved by the Asian Art Museum Commission.)

***DPW Bond/Financial Administration Fees\****

DPW will provide the Asian Art Museum with various bond and financial management services such as developing and processing supplemental appropriation and release of reserve requests, creating and maintaining Controller accounts, developing and maintaining fund transfer schedules, and creating and maintaining monthly project reports. DPW's hours and hourly rates for these services are as follows:

<u>Position</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Senior Architect	384	\$94	\$36,096
Archit. Assoc. II	104	70	7,280
Archit. Assit. II	60	54	3,240
Financial Planner	148	61	9,028
Asst. Financial Planner	156	38	5,928
Secretary	<u>92</u>	50	<u>4,600</u>
Total Staff Costs	832		\$66,172
Publishing & Photo Finishing			<u>2,640</u>
Subtotal DPW Bond/Financial Admin Fees			\$68,812

New Asian Art Museum  
Supplemental Funding Request

*Asian Art Museum Allocation*

Seismic upgrade construction contract for the Old Main Library Building. The Asian Art Museum will develop bid packages for construction contracts to seismically upgrade the Old Main Library building after the pre-construction work is complete, including, if required, hazardous material abatement, selective demolition, accessibility improvements, and historic preservation work. We request that these funds be placed on reserve until such time as the AAM requests they be released for specific contracts for seismic upgrade and the other improvements to the Old Main Library building.

\$3,926,511

**Total 1989 Public Safety Improvement Bond**

**\$7,605,863**

**Project  
Description  
and Budget:**

*1994 Asian Art Museum Relocation Project Bonds*

*Hyde Street Demolition Project*

\$428,083 of the 1994 Bond supplemental appropriation will fund the Hyde Street Demolition Project which will be managed by DPW as follows:

DPW Architecture/Engineering Fees

<u>DPW Bureau</u>	<u>Hours</u>	<u>Average Hrly Rate</u>	<u>Total</u>
Architecture	349	\$67	\$23,383
Engineering	149	67	9,983
Construction Mgmt	461	65	<u>29,965</u>

Subtotal DPW Arch/Eng Fees

\$63,331

DPW Bond/Financial Administration Fees

Position	Hours	Hourly Rate	Total
Senior Architect	98	\$94	\$9,212
Archit. Assoc. II	24	70	1,680
Financial Planner	36	61	2,196
Asst. Financial Planner	28	38	1,064
Secretary	<u>12</u>	50	<u>600</u>
Subtotal DPW Bond/Fin. Admin. Fees			\$14,752
Construction Contract			<u>350,000</u>
Total DPW Portion			\$428,083

*Asian Art Museum Allocation*

We request that the remaining \$24,465,687 of the requested \$24,893,770 1994 bond supplemental be placed on reserve until such time as the AAM requests they be released for specific contracts for seismic upgrade and the other improvements to the Old Main Library building.

\$24,465,687

<b>Total 1994 Asian Art Museum Bond Funds</b>
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<b>\$24,893,770</b>
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<b>Grand Total Supplemental Funding Request</b>
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<b>\$32,499,633</b>
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<b>TO:</b>	Sonali Arurkar Budget Analyst's Office	<b>DATE:</b>	June 27, 1997
<b>FROM:</b>	Mark Dorian DPW / Bureau of Architecture	<b>SUBJECT:</b>	BID RESULTS Asian Art Museum Pre Construction Project - 1092H 45 Hyde Street Abatement & Demolition Project

The following tabulation is the result of the bid opening this afternoon on the subject project:

<u>Contractor / Bidder</u>	<u>Bid Amount</u>	<u>HRC Status</u>	<u>Rank</u>
Bluewater Environmental	\$322,817.00	*Not Certified	1
Restec Construction, Inc.	\$448,779.00	*Not Certified	3
Marcor of California	\$497,250.00	*Not Certified	4
C.S.T. Environmental	\$378,800.00	*Not Certified	2

\*Note - All contractors have Master Agreements with the City/DPW, initiated in 1994, which were a result of a RFQ selection process. No local HRC certified firms submitted qualifications at the time.

The low bidder is Bluewater Environmental Services, Inc. @ \$322,817.00.

Civil Service Resolution No.519-93/94, dated March 21, 1994.

727 77th Avenue

Oakland, Ca. 94621

Tel. No. (510) 638-8384

Their bid included the following subcontractors:

<u>Work to be performed</u>	<u>Percent of Total Contract</u>	<u>Subcontractor's Name and Location</u>
Demolition	40.5	Ferma Corporation
Abatement	9.08	E&J Environmental 1775 Newcomb Ave. San Francisco Certified MBE/LBE
Fencing	4.19	Golden Bay Fence, San Lorenzo
Scaffolding	6.26	Patent Scaffolding, San Leandro

They have agreed to further MBE/WBE subcontractor participation if and when the City modifies the construction contract.

Should you have any questions or need additional information please call me at 557-4713.

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Item 5 - File 172-97-28

**Department:** Public Utilities Commission (PUC)

**Item:** Ordinance authorizing the General Manager of the Public Utilities Commission (PUC) to execute the following agreements and annual renewals thereto: (1) an Energy Service Agreement with the State of California for the purchase of bulk natural gas service, (2) a Natural Gas Service Agreement with Pacific Gas & Electric Company (PG&E) for transportation of bulk natural gas purchased from the State of California, and (3) a Natural Gas Storage Services Agreement with PG&E for the storage of bulk natural gas purchased from the State of California; waiving the requirement of Section 12F.5 of the San Francisco Administrative Code that every contract shall contain a statement urging companies doing business in Northern Ireland to abide by the MacBride principles; waiving the requirement of Section 12I.5(b) of the San Francisco Administrative Code that every contract shall contain a statement urging companies not to use tropical hardwoods; waiving the requirement of Section 12B.1(a) of the San Francisco Administrative Code that every contract shall contain a nondiscrimination provision; and waiving the requirement of Section 12J.3(b) of the San Francisco Administrative Code that every contractor attest that it is not a prohibited person or entity with investments or employees in Burma.

**Description:** The proposed ordinance would authorize the San Francisco Public Utilities Commission (PUC) to enter into three agreements related to the State of California's Natural Gas Service (NGS) Program and would waive the requirements of Sections 12F.5, 12I.5(b), 12B.1(a) and 12J.3(b) of the San Francisco Administrative Code.

According to Mr. Donn Furman of the City Attorney's Office, the three agreements which are the subject of the proposed ordinance require approval by the Board of Supervisors only because they do not contain certain provisions required by the San Francisco Administrative Code. Under the Administrative Code, all agreements for services entered into by City departments are required to include the following:

- A statement urging companies doing business in Northern Ireland to move toward resolving employment inequities, encouraging companies to comply with the MacBride Principles and urging San Francisco companies to do business with companies that abide by the MacBride

Principles. The MacBride Principles call for affirmative action to be taken by institutions and companies in Northern Ireland, including hiring underrepresented groups, providing security to protect minorities at work, banning provocative emblems at work, publicly advertising job openings, and otherwise encouraging minority participation in the workforce and discouraging discrimination. (Section 12F.5);

- A statement urging companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood product (Section 12I.5(b));
- A statement obligating the contractor not to discriminate on the grounds or because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or Acquired Immune Deficiency Syndrome or AIDS Related Condition (AIDS/ARC), against any employee of, or applicant for employment with, such contractor, and shall require such contractor, franchisee, lessee or concessionaire to include a similar provision in all subcontracts, subleases or other subordinate agreements let, awarded, negotiated or entered into thereunder (Section 12B.1(a)); and
- As a material condition, a statement that the contractor is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity", as defined in Section 12J.2(g) of the Administrative Code, and that the City reserves the right to terminate the contract for default if the contractor violates the term of this clause (Section 12J.3(b)).

The form of the three agreements which are the subject of the proposed ordinance has been approved by the California Public Utilities Commission and is identical for each of the public facilities throughout the State which contracts with the State for natural gas service and with private utilities (such as PG&E) for transportation and storage of natural gas purchased from the State. According to Mr. Ralph Leong of Hetch Hetchy, it would not be feasible to modify these three agreements to add the above statements required by the Administrative Code. Therefore, the proposed ordinance would waive the requirements of the four Administrative Code sections cited above.

In addition, as noted above, the proposed ordinance would authorize the San Francisco PUC to enter into three



agreements related to the State's Natural Gas Service (NGS) Program. Under the NGS Program, the State procures a natural gas supply for large public sector facilities, such as the City and County of San Francisco, at discounted rates by aggregating the needs of public sector facilities. In order to participate in the NGS Program, a facility must have a natural gas consumption history of at least 20,800 therms per month or 250,000 therms for the last 12 months. Through the NGS Program, the State provides 10 billion cubic feet of natural gas to 80 public sector facilities Statewide.

In 1993, the PUC entered into a Natural Gas Supply Agreement with the State. The term of this agreement was from July 1, 1993 through June 30, 1995, and was subsequently extended by PUC for two additional years, through June 30, 1997. This agreement authorized the State to act as broker and arrange for the transportation and distribution by PG&E of natural gas to seven City facilities, including San Francisco International Airport, San Francisco General Hospital, Hall of Justice, Youth Guidance Center, Laguna Honda Hospital, City College of San Francisco, and County Jail No. 2 (San Bruno). Mr. Furman advises that this agreement was not approved by the Board of Supervisors because the PUC was not aware at that time that Board of Supervisors approval was required.

Since 1993, four additional City facilities have become eligible to participate in the NGS Program. These facilities are the M. H. De Young Memorial Museum, the Palace of the Legion of Honor, the Academy of Sciences and the Oceanside Water Pollution Control Plant. The proposed ordinance would extend the Energy Service Agreement with the State for a period of one year (through June 30, 1998) and would add the four above-noted City facilities to the State's NGS Program.

In addition, the proposed ordinance would authorize the PUC to execute a Natural Gas Service Agreement with PG&E to provide transportation of natural gas purchased from the State. This is a new agreement required for the four additional City facilities which will purchase natural gas from suppliers other than PG&E. The term of this agreement is for two years and is automatically renewed unless amended. There is an existing agreement with PG&E in effect which provides for the transportation of natural gas purchased from the State for the seven City facilities noted above which already participate in the NGS Program.

The proposed ordinance would also authorize the PUC to enter into a new agreement with PG&E for the storage of bulk natural gas purchased from the State. This agreement would apply to two City facilities, the MH De Young Memorial Museum and the Palace of the Legion of Honor, which must be assured of a continuing supply of natural gas in case of unexpected shortages or damage to the pipelines, and because temperature control is essential to preserving the fine art housed in these facilities. The term of this agreement is for one year.

Mr. Leong advises that the PUC currently pays a fee of \$87,820 to the State to act as a broker and arrange for the transportation and distribution by PG&E of natural gas to the seven City facilities which are currently part of the NGS Program. For FY 1997-98, PUC anticipates that the State's fee will be \$83,892, or \$3,928 less than the current fee of \$87,820, for all 11 City facilities which will be participating in the State's NGS Program during FY 1997-98. According to Mr. Leong, this reduction reflects an overall decline in the rates which the State pays for natural gas. Mr. Leong reports that funds are included in the PUC's FY 1997-98 budget to pay the State fee. Mr. Leong further advises that there are no additional costs to the City for the two agreements with PG&E which are also the subject of the proposed ordinance.

**Comments:**

1. PUC estimates that, for FY 1996-97, the City's cost to purchase natural gas through the NGS Program, including the State's service fee of \$87,820 noted above, will be \$2,952,956 for the seven City facilities currently participating in the Program. PUC reports that, if the City had purchased natural gas directly from PG&E, the City's cost for these seven facilities would have been \$3,304,235 during FY 1996-97, or \$351,279 (11.9 percent) more than the City's cost through the NGS Program.

In FY 1997-98, PUC estimates that the City will spend \$3,396,245 for natural gas purchased through the State's NGS Program, including the State's service fee of \$83,892 noted above, for all 11 City facilities which will participate in the Program during FY 1997-98. PUC reports that, if the City were to purchase natural gas directly from PG&E, the City's cost for these 11 facilities would be \$3,899,979, or \$503,734 (14.8 percent) more than the City's cost through the NGS Program.

2. According to Ms. Cynthia Goldstein of the Human Rights Commission (HRC), PG&E is not registered as complying

Memo to Finance Committee  
July 2, 1997

with the City's Equal Benefits Ordinance. According to Mr. Sam Lauter of PG&E, PG&E currently does provide such benefits and is in the process of documenting its compliance with the City's Equal Benefits Ordinance.

Mr. Furman advises that, in accordance with Administrative Code Section 12B.5-1(F), which states that compliance with the City's Equal Benefits Ordinance may be waived for contractors which provide wholesale or bulk natural gas, the State is considered exempt from compliance with the City's Equal Benefits Ordinance. Mr. Furman further advises that PG&E is not exempt under this provision.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Memo to Finance Committee  
July 2, 1997 Finance Committee Meeting

Item 6 - File 101-95-61.5

**Department:** Fire Department

**Item:** Release of reserved funds to finance the Auxiliary Water Supply System at Geary and Stockton Streets.

**Amount:** \$28,169.69

**Source of Funds:** 1986 Fire Protection Bond interest earnings

**Description:** In November of 1986, San Francisco voters approved the issuance of \$46.2 million of Fire Protection System Improvement General Obligation Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs, cisterns, pipelines, pump stations and fireboats, which provide a separate source of water supply for fire protection.

The City sold \$31 million of these bonds in 1987, and an additional \$15.2 million of these bonds in 1991, for a total of \$46.2 million in Fire Protection System Improvement Bonds. In March of 1996, the Board of Supervisors approved a supplemental appropriation ordinance for \$3,907,900 (File 101-95-61) from accrued interest from the Fire Protection System Improvement Bonds for four categories of capital improvement projects: (1) repair and improvement of the Fireboat Phoenix; (2) motorized AWSS Control Valves; (3) AWSS Water Storage Tank repair; and (4) emergency repairs of AWSS facilities. Of the \$3,907,900 which was previously appropriated, the Board of Supervisors placed \$3,269,850 on reserve.

The Fire Department is now requesting the release of \$28,169.69 for a project that falls under the fourth category, emergency repairs of AWSS facilities. An amount of \$627,000 out of the total reserve of \$3,269,850 had been reserved by the Board of Supervisors for projects similar to the subject proposed emergency repair work needed at Geary and Stockton Streets. According to Mr. Robert Jew of the Department of Public Works, the repair at Geary and Stockton Streets is needed because there is a hole on the high pressure water main. The repair would include removal and replacement of the damaged pipe segment, backfilling and repavement.



Memo to Finance Committee  
July 2, 1997 Finance Committee Meeting

**Budget:**

1. The Fire Department is currently requesting a release of \$28,169.69 based on the following budget:

Construction - Low Bid - A. Ruiz Construction Co.	\$19,675.00
Contingency (10%)	1,967.50
Engineering and Construction Management	<u>6,527.19</u>
<b>TOTAL</b>	<b>\$28,169.69</b>

The engineering and construction management will be conducted by staff of the Bureau of Engineering (BOE) in the Department of Public Works. Two BOE employees would provide the management services at the following hours and hourly rates:

<u>No.</u>	<u>Classification</u>	<u>Hours</u>	<u>Cost Per</u>		<u>Total</u>
			<u>Hour</u>		
5256	Mechanical Engineer	12	\$36.12		\$433.44
5366	Engineer Associate II	60	28.20		1,692.00
	Fringe Benefits and DPW Overhead				2,401.75
	Work Order to the Department of Parking and Traffic (DPT)				<u>2,000.00</u>
<b>TOTAL</b>					<b>\$6,527.19</b>

The above-noted work order to the DPT would fund one DPT employee who would provide needed traffic redirection at the following hours and hourly rates:

<u>No.</u>	<u>Classification</u>	<u>Hours</u>	<u>Cost Per</u>		<u>Total</u>
			<u>Hour</u>		
5230	Traffic Engineer	35	\$32.00		\$1,120.00
	Mandatory Fringe Benefits and Personal Time Off				484.00
	DPT Overhead				<u>411.00</u>
<b>TOTAL</b>					<b>\$2,015*</b>

\* Rounded to \$2,000 in the budget request above.

**Comments:**

1. The Department of Public Works (DPW), on behalf of the Fire Department, received three bids to conduct the proposed work. The three firms that submitted bids, their MBE/WBE/LBE status, and their bids are as follows:

A. Ruiz Construction Co.	MBE/LBE	\$19,675
E. Mitchell, Inc.	WBE/LBE	\$21,500
M. H. Construction Mgmt. Co.	MBE/LBE	\$24,000

The low bid was submitted by A. Ruiz Construction Company, Inc., an MBE/LBE firm.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

2. As noted above, the Board of Supervisors placed \$627,000 on reserve for projects similar to the subject proposed repairs at Geary and Stockton Streets. During the course of Fiscal Year 1996-97, the Finance Committee has previously approved the release of \$148,367 (Files 101-95-61.1, 101-95-61.2 and 101-95-61.4) in reserved funds for emergency repairs of AWSS facilities, leaving a balance of \$478,633. The requested \$28,169.69 for the emergency repair work would decrease the available reserved funds for emergency repairs of AWSS facilities to \$450,463.31.

3. According to Ms. Cynthia Goldstein of the Human Rights Commission (HRC), A. Ruiz Construction Co. is not registered as complying with the City's Equal Benefits Ordinance. According to Ms. Diane Gere of A. Ruiz Construction Co., A. Ruiz Construction Co. currently does provide such benefits and is in the process of documenting their compliance with the City's Equal Benefits Ordinance.

**Recommendation:** Release the proposed request of \$28,169.69 subject to certification by the Human Rights Commission that A. Ruiz Construction Co. is complying with the City's Equal Benefits Ordinance, as contained in the City's Administrative Code Section 12B.



Memo to Finance Committee  
July 2, 1997

Item 7 - File 100-97-1

This item is a hearing to consider the Annual Budget of the City and County of San Francisco for Fiscal Year 1997-98. The Budget Analyst has previously provided the Finance Committee with recommendations on the Mayor's Recommended Fiscal Year 1997-98 Budget in three separate reports.





Memo to Finance Committee  
July 2, 1997

Items 8 and 9 - Files 101-97-2 and 102-97-2

The proposed Annual Appropriation Ordinance for Fiscal Year 1997-98 containing all revenues and expenditures of the City's Annual Budget and the proposed Annual Salary Ordinance for Fiscal Year 1997-98 containing a listing of the City's authorized positions for Fiscal Year 1997-98 will reflect the Annual Budget as recommended by the Finance Committee to the full Board of Supervisors.

The Budget Analyst has previously recommended amendments to the Annual Budget. The amended amounts of those recommendations, which have been accepted by the Finance Committee, will be reflected in the Fiscal Year 1997-98 Annual Appropriation Ordinance and Annual Salary Ordinance.



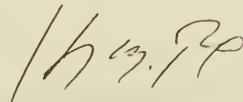
Memo to Finance Committee  
July 2, 1997

Item 10 - File 161-97-7

The proposed resolution would approve the budget of the San Francisco Redevelopment Agency (SFRA) for Fiscal Year 1997-98 and would approve the issuance of Tax Increment Bonds not to exceed \$43 million. The Budget Analyst has previously recommended that the \$43 million be reduced to \$42 million based on the maximum needs of the Redevelopment Agency for Fiscal Year 1997-98. The SFRA concurs with the need of \$42 million.

**Recommendation**

Amend the proposed resolution to reduce the authorization for the issuance of Tax Increment Bonds in an amount not to exceed \$42 million instead of \$43 million and approve the resolution as amended in accordance with the previous reductions to the SFRA Fiscal Year 1997-98 Budget made by the Finance Committee at its meeting of June 25, 1997.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Steve Agostini  
Stephen Kawa  
Ted Lakey



# CALENDAR

## Finance Committee Board of Supervisors City and County of San Francisco

DOCUMENTS DEPT.

JUL 07 1997

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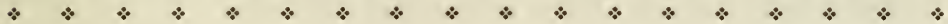
### REGULAR MEETING

WEDNESDAY, JULY 9, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVE., ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.



FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, JULY 9, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 25-97-9. [Prop J Contract, Paratransit Services] Resolution concurring with the Controller's certification that paratransit services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than by City and County employees. (Public Transportation Commission)

ACTION:

2. File 25-97-10. [Prop J Contract, Convention Facilities Management] Resolution concurring with Controller's certification that convention facilities management, operation and maintenance services can be practically performed at Bill Graham Civic Auditorium and Moscone Center by private contractor for lower cost than similar work services performed by City and County employees. (San Francisco Convention Facilities)

ACTION:

3. File 27-97-7. [Grant, Airport Demonstration Project] Resolution authorizing the Airport Commission to apply for, accept and expend fund of up to \$147,000 for a Compressed Natural Gas (CNG) Van Demonstration Project from the Bay Area Air Quality Management District's Transportation Fund for Clean Air (TFA); waiving indirect costs. (Airport Commission)

ACTION:

4. File 28-97-2. [Emergency Repairs, Harry Tracy Water Treatment] Resolution authorizing expenditure of funds for emergency measures to provide for full emergency standby power capability at the Harry Tracy Water Treatment Plant - \$750,000. (Public Utilities Commission)

ACTION:

5. File 97-97-25. [Bonding and Financial Assistance Program] Ordinance amending Administrative Code Section 6.20-2 to expand the City's bonding assistance program, to authorize additional financial assistance to eligible contractors, and to extend the term of the program until June 30, 2000. (Supervisor Leal)

ACTION:

6. File 97-97-27. [Departmental Revolving Funds] Ordinance amending Administrative Code relating to purposes and amounts authorized for Departmental Revolving Funds, by deleting Sections 10.141, 10.141a, 10.149, 10.167, 10.169-6, 10.169-9, and adding Sections 10.169-12 through 10.169-21. (Controller)

ACTION:

7. File 127-97-4. [Hotel Tax Reallocation] Ordinance amending Municipal Code, Part III, by amending Section 515.01 to allocate a portion of Hotel Tax Funds to the City-owned cultural centers. (Supervisor Bierman)

ACTION:

8. File 127-97-5. [Hotel Tax Technical Amendments] Ordinance amending Municipal Code, Part III, by amending Section 515 and adding Section 515.01 to make technical amendments to clarify the allocation of revenues derived from the tax imposed by Section 502. (Supervisor Bierman)

ACTION:

9. File 127-97-6. [Hotel Tax Fund Allocation] Ordinance amending Municipal Code, Part III, by amending Section 515.01 to allocate a portion of Hotel Tax Funds to the Mayor's Office of Protocol. (Mayor)

ACTION:

10. File 170-97-8. [Multifamily Housing Revenue Refunding Bonds] Resolution authorizing the issuance and delivery of multifamily housing revenue refunding bonds (The "Bonds") in an aggregate principal amount not to exceed \$20,800,000 for the purpose of refunding bonds previously issued to provide financing for City Heights (formerly Sutter/Post Apartments); authorizing sale of bonds; approving form of and authorizing execution of trust indenture, bond purchase contract, sale of bonds, financing agreement providing the terms and conditions for the above and the loan of bond proceeds to the borrower named therein; approving the form of and execution of an amended and restated regulatory agreement, the preparation and distribution of preliminary official statement and official statement relating to bonds, certificate of acceptance of multifamily deed of trust, assignment of rents and security agreements, assignment of deed of trusts, an allonge to multifamily note and delivery of any document necessary to implement this resolution; ratifying and approving any action theretofore taken in connection with the bonds, the project and the refunding of the prior bonds; and related matters. (Mayor)

ACTION:

## LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 108-97-3, Travel Allowance Limitation, United Airlines, (Supervisor Ammiano), 30 day Rule expires 7/9/97.

File No. 27-97-6, International Airport Management/Advisory Services, Resolution, (Supervisor Kaufman), 30 day Rule expires 7/9/97.

File No. 170-97-7.1, Modify purposes and use of 1992 earthquake safety loan bonds, Resolution, (Mayor), 30 day Rule expires 7/9/97.

File No. 60-97-4, Special Election. Water Revenue Bonds, \$157 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 60-97-5, Special Election. Water Revenue Bonds, \$147 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 262-97-1, China Basin Ballpark, CEQA and Environmental findings, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-2, China Basin Ballpark, Disposition/Development Agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-3, China Basin Ballpark, Ground Lease, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-4, China Basin Ballpark, Non-relocation agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-5, China Basin Ballpark, CalTrans Parcel Purchase, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

Watch future calendars for scheduling of these matters.

### FINANCE COMMITTEE

S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

### IMPORTANT HEARING NOTICE!!!

CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

July 3, 1997

**TO:** Finance Committee

DOCUMENTS DEPT.

**FROM:** Budget Analyst Re: *budgetary for meeting*

JUL 09 1997

**SUBJECT:** July 9, 1997 Finance Committee Meeting

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Item 1 - File 25-97-9

**Department:** Public Transportation Commission (PTC)

**Item:** Resolution concurring with the Controller's certification that Paratransit Services can continue to be practically performed by a private contractor for lower cost than similar work services performed by City and County employees.

**Service to be Performed:** Paratransit Services.

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the paratransit services for FY 1997-98 would result in estimated savings as follows:

Memo to Finance Committee  
 July 9, 1997 Meeting of Finance Committee

City-Operating Service	Lowest	Highest
<u>Costs</u>	<u>Salary</u>	<u>Salary</u>
	<u>Step</u>	<u>Step</u>
Salaries	\$8,984,058	\$9,751,802
Fringe Benefits	2,719,866	2,837,220
Capital Costs	243,750	243,750
<u>Operating Expenses</u>	<u>1,476,192</u>	<u>1,476,192</u>
Total	\$13,423,866	\$14,308,964
 <u>Contractual Service Cost</u>	 <u>11,434,924</u>	 <u>11,437,273</u>
 <u>Estimated Savings</u>	 \$1,988,942	 \$2,871,691

**Comments:**

1. Paratransit Services were first certified as required by Charter Section 10.104 in 1984 and have been provided by an outside contractor since then.

2. In 1991, the Board of Supervisors approved an agreement between the City and Cerenio Management Group for the period October 1, 1991 to June 30, 1996 (four years and nine months) for Cerenio Management Group to provide paratransit services (File 172-91-4). In April 1996, the Board of Supervisors approved an amendment to the agreement to extend the agreement for a three-year period commencing July 1, 1996 through June 30, 1999 (File 172-96-4).

3. The contract cost of \$11,434,924 (low) and \$11,437,273 (high) is based on Cerenio Management Group's estimate of its FY 1997-98 cost of providing paratransit services, according to Mr. Charles Sciammas, Paratransit Coordinator for MUNI. According to Mr. Sciammas, the contract providing paratransit services must be monitored by MUNI staff. Therefore, the Controller has included 20 percent of full-time-equivalent (0.2 FTE) of a 1823 Principal Management Analyst and two percent full-time-equivalent (.02 FTE) of a 1650 Accountant for this function in their Contractual Services Cost estimate, which results in both a low estimate and high estimate related to the salary schedule of the classification.

4. According to Mr. Sciammas, Cerenio Management Group has submitted its Chapter 12B Declaration to the Human Rights Commission but is still awaiting certification of compliance with the Equal Benefits Ordinance.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



5. The Controller's supplemental questionnaire with the Department's responses, including the MBE/WBE status of this contract, is attached.

- Recommendations:**
1. Amend the proposed resolution making approval contingent on Human Rights Commission certification that the subject contractor is in compliance with the Equal Benefits Ordinance as contained in Administrative Code Section 12B.
  2. Approve the proposed resolution, as amended.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Public Transportation Commission/Municipal RailwayCONTRACT SERVICES: ParatransitCONTRACT PERIOD: 07/01/97 - 06/30/98

- (1) Who performed the activity/service prior to contracting out?

Service has always been contracted out.

- (2) How many City employees were laid off as a result of contracting out?

None.

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

20% of one full-time equivalent contract administrator plus 3 hours per month of a 1630 Accountant.

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Seventeen (17) years. Likely to be an ongoing request for contracting out.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

FY 83-84. Yes, it has been certified every year.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

The Broker services are currently performed by an MBE/WBE firm and not less than 30% of all service is provided by MBE/WBE firms.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes, the contract requires health insurance for employees.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes, the contractor provides benefits to employees with spouses and domestic partners.

Department Representative: Nancy WhelanTelephone Number: 923-2579

Item 2 - File 25-97-10

**Department:** Convention and Facilities Management

**Item:** Resolution concurring with the Controller's certification that facilities management, operations, and maintenance services at the Bill Graham Civic Auditorium and Moscone Center can continue to be practically performed by a private contractor for lower cost than similar work services performed by City and County employees.

**Service to be Performed:** Facilities Management, Operations, and Maintenance.

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the facilities management, operations, and maintenance for FY 1997-98 would result in estimated savings as follows:

	Lowest	Highest
City-Operating Service	Salary	Salary
<u>Costs</u>	<u>Step</u>	<u>Step</u>
Salaries	\$7,858,489	\$9,233,849
Fringe Benefits	<u>2,069,728</u>	<u>2,280,208</u>
Total	\$9,928,217	\$11,514,057
 <u>Contractual Service Cost</u>	 <u>9,081,756</u>	 <u>9,081,756</u>
 <u>Estimated Savings</u>	 \$846,461	 \$2,432,301

**Comments:** 1. According to John Noguchi of Convention Facilities Management, both City and contract costs estimates do not include operating costs that would be the same under either scenario, as these operating costs would not affect the estimated cost savings as shown above.

2. Convention facilities management, operations, and maintenance services were first certified as required by Charter Section 10.104 in FY 1982-83 and have been provided by an outside contractor since then.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

3. The current five year contract, which expires on June 30, 1999, is held in joint venture by Spectacor Management Group (SMG), a non MBE firm, and Thigpen Limited Incorporated, a City-certified MBE. SMG hold 75% of the contract and Thigpen Limited holds 25% of the contract. SMG and Thigpen provide health insurance to their employees.

4. According to Mr. Noguchi, the Spectacor Management Group has submitted its Chapter 12B Declaration to the Human Rights Commission but is still awaiting certification of compliance with the Equal Benefits Ordinance.

5. The Controller's supplemental questionnaire with the Department's responses, including the MBE/WBE status of this contract, is attached.

**Recommendations:** 1. Amend the proposed resolution making approval contingent on Human Rights Commission certification that the subject contractor is in compliance with the Equal Benefits Ordinance. as contained in Administrative Code Section 12B.

2. Approve the proposed resolution, as amended.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: San Francisco Convention FacilitiesCONTRACT SERVICES: OperationsCONTRACT PERIOD: July 1, 1997 thru June 30, 1998

- (1) Who performed the activity/service prior to contracting out?

City

- (2) How many City employees were laid off as a result of contracting out?

None

- (3) Explain the disposition of employees if they were not laid off.

Employees went to work for the contractor.

- (4) What percentage of City employees' time is spent of services to be contracted out?

0%

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

16

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1982 - 1983

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

Contractor is a joint venture with a minority principal.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes

Department Representative: Jack MoerschbaecherTelephone Number: 554-6178





Item 3 - File 27-97-7

**Department:** Airport Commission

**Item:** Resolution authorizing the Airport Commission to apply for funds of up to \$147,000 for a Compressed Natural Gas (CNG) van demonstration project from the Bay Area Air Quality Management District's Transportation Fund for Clean Air, waiving indirect costs.

**Grant Amount:** Up to \$147,000

**Grant Period:** Two years from the date the grant is awarded.

**Source of Funds:** Bay Area Air Quality Management District (BAAQMD) Transportation Fund for Clean Air

**Description:** Assembly Bill (AB) 434 created the Transportation Fund for Clean Air in the Bay Area and authorized the Bay Area Air Quality Management District (BAAQMD) to implement the Bay Area Clean Air Plan, which provides for the implementation of transportation programs and projects that achieve emission reductions in motor vehicles. AB 434 also requires the BAAQMD to impose a surcharge on motor vehicle registration fees, to be used to implement the Bay Area Air Plan. This surcharge, which accrues to the BAAQMD's Transportation Fund for Clean Air in the Bay Area, is used for expenses incurred in implementing AB 434 programs.

The BAAQMD is currently seeking applications from Bay Area cities, counties, transit districts and other agencies that have programs that could qualify as AB 434 Clean Air Transportation programs. The proposed grant from the BAAQMD would be used to subsidize the purchase of up to 21 new Compressed Natural Gas (CNG) vans operated at the Airport by seven privately-owned companies, such as Super Shuttle, for purposes of replacing up to 21 existing gasoline-powered vans presently operated by the privately-owned companies.

Mr. Roger Hooson of the Airport reports that the Airport is currently served by 285 privately-owned door-to-door vans, which transport persons between their homes or offices and the Airport. Mr. Hooson advises that 14 percent of the Airport's passengers utilize this transportation service. Of the 285 vans, currently none are CNG vehicles. According to Mr. Hooson, CNG vehicles, as an alternative to gasoline-powered vehicles, reduce vehicle emissions. This grant would encourage door-to-door private van operators who serve the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Airport to replace some of their gasoline-powered door-to-door vans by subsidizing the incremental costs of CNG vans over gasoline-powered vans with the goal of reducing vehicle emissions.

Under the proposed grant, private van operators could apply for a subsidy of up to a \$7,000 per CNG van, up to a total subsidy of \$147,000 for 21 new CNG vans for all operators combined. The subsidy provided by the BAAQMD would cover the difference in the cost of a gasoline-powered van (estimated at a maximum of \$23,800) and a similar CNG van (estimated at a maximum of \$30,800) as authenticated by a dealer invoice. The subsidy would therefore allow private van operators to buy CNG vans at gasoline-powered van prices. The terms of the proposed grant also require that, for each CNG van purchased, a gasoline-powered van be taken out of service.

<b>Budget:</b>	Maximum incremental cost per van	\$7,000
	Maximum number of vans	<u>x 21</u>
	<b>Total Budget</b>	<b>\$147,000</b>

Mr. Hooson advises that all costs under this proposed grant are capital costs, and 100 percent of the funds would be used toward the purchase of CNG vans. The actual funds provided under the proposed grant by BAAQMD will depend on the number of CNG vans ultimately sought by the van operators, and the incremental cost of each CNG van purchased, compared to the same gasoline-powered model. However based on the estimated cost data provided, a total of 21 CNG vans would be purchased.

**Required Match:** No matching City funds are required. However, up to \$500,000 (\$23,800 times 21 vans) of matching funds will be required from private van operators to supplement the \$7,000 subsidy in order to acquire the 21 CNG vans.

**Indirect Costs:** None

**Comments:** 1. According to Mr. Hooson, private van operators have provided the Airport with a letter of intent to participate, and with specific information (mileage, year, model, manufacturer, and average annual mileage) on the gasoline-powered vehicles they plan to replace in exchange for CNG vans. Mr. Hooson reports that the Airport has selected 21 vans operated by 7 private van firms for the demonstration project. According to Mr. Hooson, the private van companies participating in the project will be required to compile vehicle maintenance records on the CNG vans, provide such records

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

to the Airport, have their vehicles inspected, and participate in audits to be conducted by the Airport and BAAQMD.

2. Although van operators are still required to provide the funds to purchase a new van, Mr. Hooson advises that the incentive for van operators to participate in this proposed demonstration project is that the amount of CNG fuel that is equivalent to a gallon of gasoline costs approximately 20 to 30 percent less than a gallon of gasoline.

3. Mr. Hooson advises that the application for the proposed grant was due on May 30, 1997, and that the Airport Commission has already submitted its application. Thus, the proposed resolution should be amended to provide retroactive authorization to apply for the BAAQMD grant funds for the proposed new CNG vans.

4. The Airport Commission has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.

5. The Attachment is the Department's Grant Application Information Form.

- Recommendation:**
1. Amend the proposed resolution to provide retroactive authorization for the Airport Commission to apply for the requested grant funds, in accordance with Comment No. 3.
  2. Approve the proposed resolution as amended.

File Number: \_\_\_\_\_

Page #1

### **Grant Application Information Form**

[A document required to accompany a proposed resolution authorizing  
a department to apply for a grant]

TO: The Board of Supervisors  
Attn.: Clerk of the Board

The following describes the grant referred to in the accompanying resolution:

Department: Airport Commission - SFIA Landside Operations

Contact Person: Roger Hooson Telephone: 415.876.2158

Project Title: Compressed Natural Gas (CNG) Van Demonstration Project

Grant Source: Bay Area Air Quality Management District (TFCA)

Proposed (New / ~~Continuation~~) Grant Project Summary:

The grant would fund a program to replace up to 10% of the 285 vans operated by the Airport's door-to-door van operators with CNG clean fuel vans by providing a financial incentive to operators. While no Airport funds would be expended for the basic program and the Airport would not have ownership interest in the vehicle, the Airport would administer the grant, disburse incentive funds to participating door-to-door van operators, and provide the Air District with vehicle histories and performance information on the CNG vans.

Amount of Grant Funding Applied for: Up to \$147,000

Maximum Funding Amount Available: \$1 Million

Required Matching Funds: Up to \$500,000

File Number: \_\_\_\_\_

Page #2

Number of Positions Created and Funded: None

Amount to be Spent on Contractual Services: N/A

Will Contractual Services be Put Out to Bid? N/A

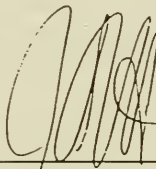
Term of Grant: 2 Years

Date Department Notified of Available Funds: September, 1997

Application Due Date: May 30, 1997

Grant Funding Guidelines and Options (from RFP, grant announcement or appropriations legislation):

See attached.



\_\_\_\_\_  
John L. Martin  
Airport Director





Item 4 - File 28-97-2

**Department:** Public Utilities Commission (PUC)

**Item:** Resolution authorizing the expenditure of funds to provide full emergency standby power capability at the Harry Tracy Water Treatment Plant.

**Amount:** \$769,061

<b>Source of Funds:</b>	Standby Power Facilities Capital Project	\$600,000
	Rehabilitation/Upgrade Capital Project	<u>169,061</u>
	Total	\$769,061

**Description:** According to Mr. Todd Cockburn of the Utilities Engineering Bureau of the PUC, the City receives most of its drinking water supply from the Hetch Hetchy Reservoir, and also stores water at Calaveras Reservoir in Alameda County and at the Crystal Springs Reservoir in San Mateo County. Mr. Cockburn reports that during December of 1996 and January of 1997 storms and flooding caused the Hetch Hetchy drinking water supply to be nonpotable. As a result, the City temporarily became completely reliant on the water supply stored in the Calaveras and Crystal Springs reservoirs.

According to Mr. Cockburn, Pacific Gas and Electric (PG&E) supplies power to the Harry Tracy Water Treatment Plant, which is located in San Mateo County. The Harry Tracy Water Treatment Plant treats and filters water from the Crystal Springs Reservoir. Mr. Harry Heath, Senior Electrical Engineer of the Utilities Engineering Bureau, reports that PG&E's electrical connection to the Harry Tracy Water Treatment Plant has been unreliable. According to Mr. Heath, operation of the Harry Tracy Water Treatment Plant was interrupted eight times in 1996 due to power failures. Because the City was reliant on the continued operation of the Harry Tracy Water Treatment Plant for its drinking water, it became necessary to install an emergency standby power generator to guarantee that drinking water would continue to be delivered to the City.

In accordance with Administrative Code Section 6.30, the Public Utilities Commission declared an emergency on January 3, 1997, and after an expedited competitive bidding process, the PUC awarded four contracts as follows: (1) Peterson Power Systems (\$410,268) for a generator, (2) Peterson Power Systems (\$88,722) for generator rental, (3) Pajaro Valley Electric (\$152,800) for installation services,

and (4) Edward Scott Electric (\$35,800) for installation services, for a total of \$687,590.

**Budget:**

According to Mr. Heath, establishing emergency standby power capabilities involved purchasing and installing two electrical power generators at the Harry Tracy Water Treatment Plant. Mr. Heath reports that the budget for the project included:

<u>Item Description</u>	<u>Cost</u>
Procurement of a 1750 KW Generator	\$410,268
Rental of a 600 KW Generator	88,722
Installation of the generators and associated switchgear	186,651
Installation of a duct bank, conductors, terminations, splices and accessories	60,665
Procurement of Circuit Breaker	<u>22,755</u>
Total	\$769,061

Mr. Cockburn advises that the installation of the emergency standby power generator began in January of 1997 and was completed in May of 1997. The budget shown above reflects changes in the contract amounts listed in the Description (see Comment No. 3).

**Comments:**

1. The Attachment, provided by PUC, lists the firms which bid for each of the four contracts, their MBE/WBE/LBE status, their status regarding the Equal Benefits Ordinance, and the amounts bid. The subject contractors do not comply with the Equal Benefits Ordinance. However, the PUC awarded the subject contracts in January of 1997, prior to the June 1, 1997 effective date of the Equal Benefits Ordinance. According to Mr. Brian Cheu of the Human Rights Commission, because the subject contracts relate to a declared emergency, they would qualify for an exemption from the Equal Benefits Ordinance.

2. As shown in the Attachment, O'Brien Energy Services submitted the lowest bid (\$265,000) to supply the 1750 KW generator. However, according to Mr. Heath, O'Brien Energy Services' bid failed to meet all the bid specifications and, therefore, the contract was awarded to Peterson Power Systems, the only other bidder, for \$410,268 (\$379,000 bid plus \$31,268 sales tax).

3. Mr. Heath reports that the total cost of establishing emergency standby power capability was \$769,061. As stated earlier, the contracts to provide emergency standby power capability total \$687,590. According to Mr. Heath, the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

\$81,471 difference is a result of unanticipated costs that were encountered after construction began.

4. According to Mr. Heath, the PUC was aware of the need for emergency standby power capabilities at the Harry Tracy Water Treatment Plant prior to the actual emergency that occurred during the storms in December of 1996 and January of 1997. Therefore, the PUC included the subject project in a group of projects that were funded through a reappropriation of San Francisco Water District (SFWD) capital improvement project funds. This reappropriation of SFWD capital improvement project funds was approved by the Board of Supervisors in February of 1997 (File 101-96-28). At that time, the total amount appropriated for the emergency standby power capabilities project was \$600,000.

Because the Board of Supervisors previously appropriated \$600,000 for the emergency standby power capability project, Mr. Ted Lakey, of the City Attorney's Office, advises that the proposed resolution should be amended to delete reference to "authorizing the expenditure of funds." Furthermore, Mr. Lakey advises that the proposed resolution should be amended to provide authorization "for the declaration of an emergency" to provide emergency standby power capability at the Harry Tracy Water Treatment Plant instead.

5. As noted above, the total cost of the emergency was \$769,061. Mr. Carlos Jacobo of the PUC advises that the additional \$169,061 (\$769,061 cost of emergency less \$600,000 previously appropriated funds) was covered by transferring previously appropriated capital project funds.

6. As stated earlier, the emergency was declared by the PUC on January 3, 1997 and the installation of emergency standby power capability at the Harry Tracy Water Treatment Plant was completed in May of 1997. Therefore, the proposed resolution should be amended to provide retroactive approval for the declaration of an emergency.

- Recommendations:**
1. In accordance with Comment No. 4 above, amend the proposed resolution to delete reference to authorizing the expenditure of funds.
  2. In accordance with Comment No. 4 above, amend the proposed resolution to provide authorization for the declaration of an emergency.

Memo to Finance Committee  
July 9, 1997 Meeting of Finance Committee

3. In accordance with Comment No. 6 above, amend the proposed resolution to provide retroactive approval for the declaration of an emergency.
4. Approve the proposed resolution, as amended.

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**PUBLIC UTILITIES COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

WILLIE L. BROWN, JR.  
MAYOR

ANSON B. MORAN  
GENERAL MANAGER

HETCH HETCHY  
WATER AND POWER

SAN FRANCISCO  
WATER DEPARTMENT

SAN FRANCISCO  
CLEAN WATER PROGRAM

**MEMORANDUM**

Date: July 3, 1997

To: Christian Griffiths  
Budget Analyst

From: Harry Heath  
UEB Electrical Engineer

Subject: **WD-2224(E), WD-2227(E) Harry Tracy Water  
Treatment Plant Emergency Standby Power**

Attached herewith are the quotations for the purchase of the 1750 kW diesel generator at HTWTP received January 15, 1997.

<u>Firm Name</u>	<u>Address</u>	<u>Quotation</u>	<u>HRC Status</u>
Peterson Power Systems	San Leandro, CA	\$379,000	0
O'Brien Energy Services	Wilmington, DE	\$265,000	0

In addition the following quotations were received January 15, 1997 for the one year lease of equipment for emergency standby power at HTWTP:

<u>Item</u>	<u>Peterson</u>	<u>O'Brien</u>
500 kW Generator	\$57,960	\$ 40,680
2500 kVA Transformer	18,000	49,500
600V Cables	<u>6,000</u>	<u>24,000</u>
TOTAL	\$81,960	\$114,180

Two contracts were prepared to install the above equipment:

- Contract No. WD-2224(E), Harry Tracy Water Treatment Plant Standby Generators Installation



Memo to: Christian Griffiths, Budget Analyst  
**WD-2224(E), WD-2227(E), Harry Tracy Water Treatment Plant**  
 July 3, 1997  
 Page 2

<u>Firm Name</u>	<u>Address</u>	<u>Quotation</u>
Pajaro Valley Electric/General Electric Co.	Watsonville, CA	\$152,800
Pajaro Valley Electric/General Electric refused to sign contract with indemnity clause, Apprenticeship Agreement and MBE/WBE requirements. They have no HRC status as they are not MBE/WBE or LBE.		

2. Contract No. WD-2227(E), Harry Tracy Water Treatment Plant-Ozone Generator-Emergency Power Duct Bank

<u>Firm Name</u>	<u>Address</u>	<u>Quotation</u>	<u>HRC Status</u>
Carol Cresci Electric	San Francisco, CA	\$52,000	WBE/LBE
Standard Electric	So. San Francisco, CA	\$46,000	0
Edward W. Scott Electric	San Francisco, CA	\$35,800	LBE

In addition a General Electric circuit breaker (CB-15) at the Operations Bldg. Had to be replaced:

<u>Firm Name</u>	<u>Address</u>	<u>Quotation</u>	<u>HRC Status</u>
General Electric Supply Co.	Martinez, CA	\$22,755	0

	<u>Total Cost of Project</u>	<u>Sales Tax (8.25%)</u>	<u>Total</u>
1. 1750 kW generator (Purchase)	\$379,000	31,268	\$410,268.00
2. Rental 500 kW generator/yr. transformer plus cables	\$ 81,960	6,762	88,722.00
3. Contract No. WD-2224(E)	\$152,800		
+ Change Order	<u>33,857</u>		
	\$186,657		\$186,651.00
4. Contract No. WD-2227(E)	\$ 35,800		
+ Change Order	<u>24,865</u>		
	\$ 60,665		60,665.00
5. Circuit Breaker CB-15	\$ 21,020.85	1,734.22	<u>22,755.00</u>
	<b>TOTAL</b>		<b>\$769,061.00</b>



Item 5 - File 97-97-25

**Department:** Human Rights Commission (HRC)

**Item:** Ordinance amending Section 6.20-2 of the City's Administrative Code to expand the City's Bonding Assistance Program, to authorize additional financial assistance to eligible contractors, and to extend the term of the program until June 30, 2000.

**Description:** In April of 1994, the Board of Supervisors approved an ordinance amending the City's Administrative Code by adding Section 6.20-2 to establish a Bonding Assistance Program for certified MBE and WBE firms. Under the approved Bonding Assistance Program, the Human Rights Commission, acting on behalf of the City, would provide a total of \$500,000 in surety guarantees to private surety bond companies for purposes of having those companies issue surety bonds to MBE and WBE firms who otherwise would not be able to obtain surety bonds. If a contractor defaults, the surety bond company may retain the amount of the surety guarantee provided by the City. A surety bond company would issue a surety bond to the contractor in the amount of the contractor's bid. The surety bond guarantees that if the contractor fails to perform according to the terms of the contract, the surety bond company must pay all related damages up to the full amount of the contract.

Under the existing provisions of Administrative Code Section 6.20-2, the Bonding Assistance Program was available for City publicly financed construction contracts for which bonding requirements were imposed by State or City law and for which the total estimated contract price did not exceed \$2 million. The Bonding Assistance Program under the existing provisions of Administrative Code Section 6.20-2 expired on May 5, 1996.

Under this proposed amendment to Administrative Code Section 6.20-2, the Bonding Assistance Program would be expanded to provide bonding assistance as well as financial assistance to MBE, WBE, and LBE (Local Business Enterprise) firms. The program would be renamed the Bonding and Financial Assistance Program. Expanded financial assistance would include City guarantees to financial institutions for construction loans made to eligible contractors in addition to providing guarantees to private surety bond companies. The proposed amendment to Section 6.20-2 also makes financial and bonding assistance available to more businesses by eliminating the criteria that eligible

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contractors must be both a prime contractor and an MBE/WBE firm. Instead, the definition of eligible contractors under the proposed amendment are: (1) a prime construction contractors or subcontractors, and (2) the contractor must be certified by the Human Rights Commission as an MBE, WBE, or LBE.

The proposed amendments to Section 6.20-2 would also change the terms of guarantee agreements entered into by the Human Rights Commission on behalf of the City to assist MBEs, WBEs, and LBEs in obtaining bonding and financing. A Surety and Loan Guarantee Fund would be established which would be used as collateral to secure surety bonds and working capital loans. By providing this collateral support, the Bonding and Financial Assistance Program would decrease the financial risk faced by the lending institutions and surety companies in extending surety bonds and loans to MBEs, WBEs, and LBEs.

Under the Fund, the City would provide guarantees for eligible MBE/WBE/LBE contractors of up to 40 percent of the face amount of the surety bond or \$750,000 for each bond, whichever is less. Additionally, the City would provide guarantees for eligible MBE/WBE/LBE contractors of up to 50 percent of the original principal amount of construction loans or 50 percent of the actual loss suffered by the financial institution as a result of a loan default, whichever is less, with the maximum loan guarantee not to exceed \$750,000 for each loan. Under the proposed amendment to Section 6.20-2, there is no maximum cap set on the amount the City can guarantee under the Bonding and Financial Assistance Program, although the total funds available to the Surety and Loan Guarantee Fund is estimated to be approximately \$2.5 million. The source of funds for the Surety and Loan Guarantee Fund will primarily be bond-funded capital improvement projects. The Board of Supervisors previously appropriated \$500,000 to the City's former Bonding Assistance Program for the purposes of providing the surety guarantee. Of the \$500,000 previously appropriated, \$434,000 remains which would be transferred to the new Bonding and Financial Assistance Program and be used to as part of the \$2.5 million Surety and Loan Guarantee Fund.

**Comments:**

1. According to Ms. Jonnie Robinson of the Mayor's Office, the Bonding and Financial Assistance Program would be administered by the Human Rights Commission as was the previous Bonding Assistance Program. Ms. Robinson states that the administrative costs of the program would be funded through the Human Rights Commission (HRC) work order

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Memo to Finance Committee  
July 9, 1997 Finance Committee Meeting

fund supported by participating City departments with capital improvement projects.

Each department would negotiate a cost for direct services depending on the department's number of applicable contracts. According to Ms. Robinson, the estimated amounts of funding potentially available from FY 1997-98 capital improvement projects are as follows:

<u>Source of Funding</u>	<u>Projected Amount</u>
Mayor's Office of Community Development	\$37,000
Port	50,000
Public Utilities Commission	50,000
Department of Public Transportation	50,000
Department of Public Works	50,000
Recreation and Park	50,000
Mayor's Office of Housing	50,000
Redevelopment Agency	<u>65,000</u>
<b>TOTAL</b>	<b>\$402,000</b>

The Budget Analyst notes that the amounts shown above are the program's original estimates, and that the actual administrative expenditures included in the FY 1997-98 budget as recommended by the Finance for the Human Rights Commission's Bonding and Financial Assistance Program total \$376,000.

3. The proposed Bonding and Financial Assistance Program is modeled after a successful program operated by the Airport since 1994. According to Mr. John Martin, Director of the Airport, the Airport will use the Human Rights Commission program but provide its own funding source and surety guarantee fund to comply with applicable laws.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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Item 6 - File 97-97-27

**Department:** Controller's Office

**Item:** Ordinance amending Article XV, Chapter 10 of the Administrative Code relating to departmental revolving funds.

**Description:** Article XV, Chapter 10 of the Administrative Code authorizes the amount of various departmental Revolving Funds. A Revolving Fund is a specifically appropriated amount that a department may use for change funds or for making minor purchases generally up to a maximum of \$200 per item purchased, without first obtaining approval of the Purchasing Department. The proposed ordinance would revise the amounts authorized for Revolving Funds for most City departments. According to the Controller, the City currently has 85 departmental Revolving Funds which, in total, have a balance of \$1,370,966. The proposed ordinance would amend the Administrative Code to authorize 63 departmental Revolving Funds, instead of 85, resulting in a total maximum balance of \$706,350 for all 63 Funds, or \$664,616 less than is presently authorized. According to the Controller, of the total reduced authorization of \$664,616 (\$1,370,966 presently authorized less the \$706,350 proposed authorization), \$421,416 would be returned to the General Fund Reserve and \$243,200 would be returned to various other special funds.

In addition to revising the amounts authorized for departmental Revolving Funds, the proposed ordinance would require that check withdrawals for petty cash purchases have at least two authorized signatures, instead of only one signature, and that copies of the bank statements would be sent directly to the Treasurer, in order to strengthen the internal controls over the departmental Revolving Funds.

**Comments:** 1. The Attachment, provided by the Controller, lists the current authorized departmental Revolving Fund balances and the proposed departmental Revolving Fund balances.

2. According to the Controller, various balances recommended for the Cash Revolving Funds have been reduced because of the improved ability of the on-line purchasing and accounts payable capabilities of the City's FAMIS accounting system, thereby requiring less money to be maintained in the various departmental Revolving Funds.

**Recommendation:** Approve the proposed ordinance.

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**City & County of San Francisco**  
**Revolving Funds Listed by Department**

<u>Department</u>	<u>Admin Code Section</u>	<u>Current Authorization</u>	<u>Recommended</u>	<u>Other recommendations</u>
ACADEMY OF SCIENCES			none	
ADMIN SVCS - ANIMAL CARE & CONTROL	10.169.7	5,000	2,000	
ADMIN SVCS - CONVENTION FACILITIES	10.137	50	50	
ADMIN SVCS - COUNTY AG - FARMERS MKT	10.144	500	800	
ADMIN SVCS - COUNTY AG - WTS & MSRS	10.167	50	none	
ADMIN SVCS - COUNTY AG - WTS & MSRS	21.28	1,000		Return to Purchaser
ADMIN SVCS - ELECTIONS	10.162	750	500	
ADMIN SVCS - MEDICAL EXAMINER/CORONER	10.169-21	800	500	
ADMIN SVCS - PUBLIC ADMIN/GUARD	10.152	5,000	500	
ADMIN SVCS - PURCHASING - Admin	10.169-19		7,000	
ADMIN SVCS - PURCHASING - Admin	21.28	700		Return to Purchasing
ADMIN SVCS - PURCHASING - Central Shops	21.28	4,500		Return to Purchasing
ADMIN SVCS - PURCHASING - Reproduction/Mail	21.28	1,800		Return to Purchasing
ADMIN SVCS - REAL ESTATE	21.28	100		Return to Purchasing
ADMIN SVCS - REAL ESTATE	10.169-13		100	
ADMIN SVCS - RECORDER	10.159	500	none	
ADULT PROBATION	10.168	1,000	300	
ADULT PROBATION	21.28	300	-	Return to Purchasing
AIRPORT COMMISSION	10.132	20,000	10,000	
ART COMMISSION	10.132-5	3,500	500	
ASIAN ARTS MUSEUM	10.141A	1,000	none	
ASSESSOR	10.133	2,000	1,000	
ASSESSOR	21.28	300	-	Return to Purchasing
BOARD OF APPEALS	10.169.20		150	
BOARD OF APPEALS	21.28	150		Return to Purchasing
BOARD OF SUPERVISORS	10.169-3	1,000	500	
BUSINESS AND ECONOMIC DEVELOPMENT			-	Use Mayor's Revolving Fund
CITY ADMINISTRATOR	21.28	400	-	Return to Purchasing/Use Mayor's Fund
CITY ADMINISTRATOR - Publicity and Advertising	21.28	400	-	Return to Purchasing/Use Mayor's Fund
CITY ATTORNEY	10.136	10,000	10,000	
CITY ATTORNEY - Claims	10.136-1	100,000	100,000	
CITY PLANNING	21.28	400		Return to Purchasing
CITY PLANNING	10.169-14		100	
CIVIL SERVICE COMMISSION - see Human Resources	10.138	1,000	50	
COMMISSION ON AGING	21.28	400		Return to Purchasing
COMMISSION ON AGING	10.169-15		200	
COMMISSION ON THE STATUS OF WOMEN	10.169-11	500	100	
COMMUNITY HEALTH SERVICES	10.154	20,000	25,000	Combine DPH/CMHS Funds
COMMUNITY MENTAL HEALTH SYSTEM	10.154-1	2,000	1,000	
COMMUNITY MENTAL HEALTH SYSTEM	none	20,000	-	Combine into one Health Dept Fund
CONTROLLER	10.139	100	200	
CONTROLLER - Payroll and Personnel	21.28	200	-	Return to Purchasing
COUNTY EDUCATION OFFICE	N/A			
DEPARTMENT OF BUILDING INSPECTION	10.135	100	200	
DEPARTMENT OF PUBLIC WORKS	10.158	50,500	10,000	
DEPARTMENT OF PUBLIC WORKS - Clean Water	10.158-2	5,000	none	Close balance
DISTRICT ATTORNEY (11)	21.28	400		Return to Purchasing
DISTRICT ATTORNEY (11)	10.169-16		200	
DISTRICT ATTORNEY - FSB	21.28	400		Return to Purchasing
DISTRICT ATTORNEY - FSB - IRS/FTB	10.117-47	20,000	20,000	
ENVIRONMENT COMMISSION	10.169-12		100	
ETHICS COMMISSION	10.169-18		100	
FINE ARTS MUSEUM	10.141	1,000	none	
FIRE DEPARTMENT	10.144-5	3,000	3,000	
GENERAL CITY RESPONSIBILITY	N/A			Not operating department
HETCH HETCHY	10.145	20,000	10,000	
HUMAN RESOURCES - Workers Comp	10.145-1		750	
HUMAN RESOURCES	10.145-2		500	
HUMAN RESOURCES - Health Service System	10.169-6	150		Close to Human Resources
HUMAN RIGHTS COMMISSION	21.28	450		Return to Purchasing
HUMAN RIGHTS COMMISSION	10.169-17		200	
HUMAN SERVICES	10.157	40,000	20,000	



**City & County of San Francisco**  
**Revolving Funds Listed by Department**

Department	Admin Code Section	Current Authorization	Recommended	Other recommendations
HUMAN SERVICES - General Assistance	10.157-2	200,000	200,000	
HUMAN SERVICES - AFDC	10.157-1	100,000	50,000	
JUVENILE COURT	10.146	5,000	500	
LAGUNA HONDA HOSPITAL	10.147	15,000	5,000	
LAW LIBRARY			none	
LIGHT HEAT AND POWER			none	
MAYOR	10.148	1,000	1,000	
MAYOR - OES	10.142	200	100	
MAYOR'S OFC- CHILD, YOUTH & THEIR FAMILY	21.28	500		Return to Purchaser/Use Mayor's Fund
MUNICIPAL RAILWAY	10.150	368,516	100,000	
PARKING & TRAFFIC COMMISSION	10.151	5,000	2,000	
PARKING & TRAFFIC CO - Tow Reimbursements	10.151-1	26,250	none	Rev Fund unnecessary. On-line dept
POLICE	10.169-4	12,000	1,000	
POLICE - OCC	10.169-10	600	100	
PORT	10.169	60,000	5,000	
PUBLIC DEFENDER	10.153	600	200	
PUBLIC LIBRARY	10.155	20,000	5,000	
PUBLIC UTILITIES COMMISSION	10.156	6,400	20,000	
RECREATION AND PARK CO	10.160	27,250	5,000	
RECREATION AND PARK CO - Cty Fair	10.160-1	10,000	5,000	
RECREATION AND PARK CO -Rec Camp	10.161	3,000	750	
RENT ARBITRATION BOARD	10.169-8	500	100	
RETIREMENT SERVICES	10.169-1	500	500	
SAN FRANCISCO GENERAL HOSPITAL	10.163	25,000	10,000	
SHERIFF	10.164	8,000	3,000	
SHERIFF - Inmate Welfare	10.164-1	10,000	10,000	
SHERIFF - Transportation Fund	10.164-2		20,000	
TELECOMMUNICATIONS & INFO SVCS - ELECT	10.143	6,000	6,000	
TELECOMMUNICATIONS & INFO SVCS - ISD	21.28	500	-	Return to Purchasing
TREASURER/TAX COLLECTOR - Tax Collector	10.165	4,500	4,500	
TREASURER/TAX COLLECTOR - Treasurer	21.28	200	-	Return to Purchasing
TRIAL COURTS - MUNI-Admin	21.28	100	-	Return to Purchasing
TRIAL COURTS - MUNI-Admin	10.149	500	none	
TRIAL COURTS - SUPERIOR - Admin	21.28	350	-	Return to Purchasing
TRIAL COURTS - SUPERIOR - Juror Payment	10.140	5,000	5,000	
TRIAL COURTS - SUPERIOR/County Clerk	21.28	100	-	Return to Purchasing
WAR MEMORIAL	10.169-5	4,000	1,000	
WATER DEPARTMENT	10.166	98,000	20,000	
<b>Total Revolving Fund Authorizations</b>		<b>1,370,966</b>	<b>706,350</b>	

(N Budget SANDRUS Revfund)



Items 7, 8, and 9 - Files 127-97-4, 127-97-5, and 127-97-6

**Items:**                    **Item 7, File 127-97-4:** Ordinance amending the San Francisco Municipal Code, Part III, Article 7 by amending Section 515.01 to allocate up to 2 percent of the City's Hotel Tax Funds to City-owned Cultural Centers, beginning in FY 1997-98.

**Item 8, File 127-97-5:** Ordinance amending the San Francisco Municipal Code, Part III, Article 7 by amending Section 515 and adding Section 515.01 to make technical amendments to clarify the allocation of revenues derived from the Hotel Tax imposed by Section 502.

**Item 9, File 127-97-6:** Ordinance amending the San Francisco Municipal Code, Part III, Article 7 by amending Section 515.01 to allocate 2 percent of the City's Hotel Tax Funds to the Mayor's Office of Protocol beginning in FY 1997-98.

**Description:**            The City's Hotel Tax Fund consists of revenues from taxes on occupancy of transient hotels. Of the current 14 percent Hotel Tax rate, revenues from 8 percent of the 14 percent rate are deposited in the Hotel Tax Fund and dedicated to specific programs as listed on Attachment 1 of this report. The revenues produced by the remaining 6 percent of the total 14 percent Hotel Tax rate are allocated to the General Fund.

Item 7, File 127-97-4

This ordinance would create a new allocation of the Hotel Tax Fund in accordance with Attachment 1 of this report, to allocate a proportion of the Hotel Tax funds to the City's four Cultural Centers (see below), which are administered by the Art Commission, in an amount that increases over three years from 0.798 percent in 1997-98, to 1.137 percent in 1998-99, and to 2 percent in 1999-00 and thereafter. In addition, the proposed ordinance would require that, of the estimated amount of Hotel Tax Funds allocated for "Publicity/Advertising-Recurring Events," \$650,000 in 1997-98, \$800,000 in 1998-1999, and 3.9 percent of the estimated amount of the Hotel Tax Funds allocated to "Publicity/Advertising-Recurring Events" in 1999-2000 and thereafter shall be allocated by the City Administrator to the Art Commission to support the City-owned Cultural Centers.

Furthermore, the proposed ordinance (File 127-97-4) would reduce the percentage of Hotel Tax Fund revenues allocated to Convention Facilities and to the War Memorial for two fiscal years: FY 1997-98 and FY 1998-99. These allocations

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**BUDGET ANALYST**

would return to their current levels in FY 1999-2000 and thereafter. The proposed ordinance also reallocates to the City-owned Cultural Centers, in FY 1999-2000 and thereafter, a portion of the Hotel Tax Funds currently allocated to Candlestick Point which are being used to pay off the debt service at 3-Com Park at Candlestick Point pursuant to the 1977 lease between the City and San Francisco Stadium, Inc. According to Mr. Madden this debt service will be paid in full in FY 1999-2000. Currently, the Municipal Code states that, at such time as no more funds are required for the purposes prescribed for Candlestick Point, two percent of the monies in the Hotel Tax Fund shall be reallocated for the arts. According to Ms. Liz Lerma of the San Francisco Art Commission, under this proposed ordinance, such monies would be reallocated to the City-owned Cultural Centers beginning in FY 1999-2000 and Hotel Tax Funds would be reallocated from the other programs as described above in FY 1997-98 and FY 1998-99.

Attachment 1, using projections provided by the Controller's Office, shows the percentages and amounts of the Hotel Tax Fund's eight percent basic rate and how the monies are presently allocated as compared to the reallocation under this proposed ordinance, together with the resulting increases and decreases. The amount of each Hotel Tax Fund allocation in any given fiscal year is calculated based on the amount of revenues that accrued to the Hotel Tax Fund in the immediately prior fiscal year. Based on total estimated Hotel Tax Funds of \$75,208,915 from the 8 percent base rate in FY 1996-97, under the proposed ordinance the City's Cultural Centers would receive a total of \$1,250,167 in FY 1997-98 (0.798 percent of Hotel Tax Funds of \$75,208,915 or \$600,167; plus \$650,000 from Publicity/Advertising-Recurring Events). As shown on Attachment 1, for FY 1997-98, the \$1,250,167 allocation for the Cultural Centers would result in a corresponding \$1,250,167 reduction to Convention Facilities (\$445,989); Convention & Visitor's Bureau (\$104,540); War Memorial (\$49,638); and Publicity/Advertising-Recurring Events (\$650,000)

According to Ms. Lerma, the proposed Cultural Centers funds will be used to expand building hours, provide programming support, security and maintenance of the City's four Cultural Centers: 1) the Bayview Opera House Ruth Williams Memorial Theater; 2) the South of Market Cultural Center; 3) the Mission Cultural Center for Latino Arts; and 4) the Center for African and African American Art and Culture. Attachment 2, prepared by the San Francisco Arts Commission, provides additional details on the need for the

proposed funds and how the funds may be used. Such expenditures of the Hotel Tax allocations will not be subject to appropriation approval by the Board of Supervisors.

Item 8, File 127-97-5

According to the Controller's Office, the existing language of Section 515, which concerns the allocation of the Hotel Tax Fund, is confusing and difficult to interpret. According to Mr. John Madden of the Controller's Office, the proposed amendments to the Hotel Tax ordinance are technical in nature, and would not result in substantive changes to the current allocations of the Hotel Tax Fund. The proposed amendment eliminates obsolete and confusing language, streamlines and reorganizes the text, and brings the text into conformity with the 1996 Charter.

Item 9, File 127-97-6

This ordinance would create a new allocation of the Hotel Tax Fund of two percent for the Mayor's Protocol Office, beginning in FY 1997-98. As noted above, the amount of each Hotel Tax Fund allocation in any given fiscal year is calculated based on the amount of revenues that accrued to the Hotel Tax Fund in the immediately prior fiscal year. Based on total estimated Hotel Tax Funds of \$75,208,915 from the 8 percent base rate in FY 1996-97, a 2 percent allocation would result in \$1,504,178 for the Mayor's Protocol Office in FY 1997-98. The proposed ordinance would also require a corresponding decrease in the percentage of Hotel Tax Revenues allocated to the Convention and Visitor's Bureau by 2 percent beginning in FY 1997-98, an estimated decrease of \$1,504,178 in FY 1997-98. Attachment 3, using projections provided by the Controller's Office, shows the percentages and amounts of the Hotel Tax Fund's eight percent basic rate and how the monies are presently allocated as compared to the allocations under this proposed ordinance, together with the resulting increases and decreases.

The Mayor's proposed 1997-98 budget includes a total of \$1,504,179 for the Mayor's Protocol Office. This proposed budget for the Mayor's Protocol Office contains funding for 9 FTE positions at a cost of \$561,167 and \$943,012 for Other Current Expenses.

- Recommendations:**
1. Approve File 127-97-5, consisting of technical amendments only to the Municipal Code.
  2. Approval of File 127-97-4 (Cultural Centers) and File 127-97-6 (Mayor's Protocol Office) are policy matters for the Board of Supervisors.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



## Projected Hotel Tax Fund Allocation – Cultural Centers (File 127-97-4)

	FY 1997-98				FY 1998-99				FY 1999-00 and thereafter			
	Current Percentage Projected Revenue Under Current Rate	Proposed Percentage Allocation and Projected Revenue Under Proposed Rate	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue Under Current Rate	Proposed Percentage Allocation and Projected Revenue Under Proposed Rate	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue Under Current Rate	Proposed Percentage Allocation and Projected Revenue Under Proposed Rate	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue Under Current Rate	Proposed Percentage Allocation and Projected Revenue Under Proposed Rate	Revenue Increase (Decrease)
Convention Facilities	41,770 \$31,414,764	41,177 \$30,968,775	(\$445,989)	41,770 \$33,057,633	40,889 \$32,368,306	(\$689,327)	41,770 \$34,875,803	41,770 \$34,875,803	0	41,770 \$34,875,803	41,770 \$34,875,803	0
Convention & Visitor's Bureau	9,760 \$7,240,390	9,621 \$7,235,850	(\$104,540)	9,760 \$7,724,264	9,557 \$7,563,605	(\$160,659)	9,760 \$8,149,098	9,760 \$8,149,098	0	9,760 \$8,149,098	9,760 \$8,149,098	0
War Memorial	9,760 \$7,240,390	9,684 \$7,230,752	(\$49,638)	9,760 \$7,724,264	9,697 \$7,674,404	(\$49,860)	9,760 \$8,149,098	9,760 \$8,149,098	0	9,760 \$8,149,098	9,760 \$8,149,098	0
Candlestick Point	6,230 \$4,685,515	6,230 \$4,685,515	0	6,230 \$4,930,550	6,230 \$4,930,550	0	6,230 \$5,201,730	6,230 \$5,201,730	0	6,230 \$5,201,730	6,230 \$5,201,730	0
Publicity/Advertising <sup>1</sup> (Recurring Events)	16,260 \$12,228,970	16,260 <sup>1</sup> \$11,578,970	(\$650,000)	16,260 \$12,868,497	16,260 <sup>1</sup> \$12,068,497	(\$800,000)	16,260 \$13,576,264	16,260 <sup>1</sup> \$13,046,180	(\$530,104)	16,260 <sup>1</sup> \$13,576,264	16,260 <sup>1</sup> \$13,046,180	(\$530,104)
Publicity/Advertising (Non-Recurring Events)	0,250 \$188,022	0,250 \$188,022	0	0,250 \$197,855	0,250 \$197,855	0	0,250 \$208,737	0,250 \$208,737	0	0,250 \$208,737	0,250 \$208,737	0
Low Income Housing: Yerba Buena Redevelop Area	6,230 \$4,725,515	6,230 \$4,725,515	0	6,230 \$4,970,550	6,230 \$4,970,550	0	6,230 \$5,241,730	6,230 \$5,241,730	0	6,230 \$5,241,730	6,230 \$5,241,730	0
Cultural Equity Endowment	2,250 \$1,692,201	2,250 \$1,692,201	0	2,250 \$1,780,696	2,250 \$1,780,696	0	2,250 \$1,878,634	2,250 \$1,878,634	0	2,250 \$1,878,634	2,250 \$1,878,634	0
Asian Art Museum	2,045 \$1,536,022	2,045 \$1,536,022	0	2,045 \$1,618,455	2,045 \$1,618,455	0	2,045 \$1,707,470	2,045 \$1,707,470	0	2,045 \$1,707,470	2,045 \$1,707,470	0
Fine Arts Museums	5,155 \$3,877,020	5,155 \$3,877,020	0	5,155 \$4,079,773	5,155 \$4,079,773	0	5,155 \$4,304,180	5,155 \$4,304,180	0	5,155 \$4,304,180	5,155 \$4,304,180	0
Cultural Centers <sup>2</sup>	0	0	\$1,250,167	0	1,137 <sup>2</sup> \$1,700,000	\$1,689,845	0	2,000 <sup>2</sup> \$2,200,000	\$2,200,000	0	2,000 <sup>2</sup> \$2,200,000	\$2,200,000

<sup>1</sup> Under the proposed ordinance, the percentage of the Hotel Tax Funds to be allocated to Publicity/Advertising-Recurring Events remains at 16.260 percent. However, the ordinance requires that \$650,000 in FY 1997-98, \$800,000 in 1998-99, and 3.9 percent thereafter of the amount allocated to this program shall be allocated to Cultural Centers. Adjusting the proposed percentage allocations to take this transfer of monies to the Cultural Centers into account, the net percentage of Hotel Tax Funds that will be allocated to Publicity/Advertising-Recurring Events is 15.396 in FY 1997-98, 15.249 in FY 1998-99, and 15.625 in FY 1999-00 and thereafter.

<sup>2</sup> As noted above, under the proposed ordinance, in addition to being allocated a percentage of Hotel Tax Funds, Cultural Centers will also receive monies from the Publicity/Advertising-Recurring Events program. Adjusting the proposed percentage allocations to take this transfer of monies from the Publicity/Advertising-Recurring Events program into account, the net percentage of Hotel Tax Funds that the Cultural Centers will receive is 1.662 percent in FY 1997-98, 2.148 in FY 1998-99, and 2.635 percent in FY 1999-00 and thereafter.



## HOTEL TAX REALLOCATION EXECUTIVE SUMMARY

### PREFACE

Hotel Tax Reallocation will enable the City-owned cultural centers to more effectively serve the needs of their communities by expanding building hours, providing programming support, security and maintenance of the facilities such as: janitorial, repairs, mechanical and operational maintenance, safety alarm equipment and services, professional facility management, and ensuring that standard building operational needs are met, such as heat, light, power, sewage, garbage, pest control, etc.

Language in the San Francisco Charter which applies to the Art Commission includes the following:

#### 5.103. ARTS COMMISSION

In furtherance of the foregoing the Arts Commission shall...promote a neighborhood arts program to encourage and support and active interest in the arts on a local and neighborhood level, assure that the City and County-owned community cultural centers remain open, accessible and vital contributors to the cultural life of the City and County, establish liaison between community groups and develop support for neighborhood artists and arts organizations.

#### 16.105. CULTURAL, EDUCATIONAL, AND RECREATIONAL APPROPRIATIONS

The Board of Supervisors shall annually appropriate...To the Arts Commission, for the city and county-owned Community Cultural Centers, an amount sufficient for the purpose of maintaining, operating, providing for the security and superintending of their facilities and grounds, and for the purchase of objects of art, literary productions, and other property, and for their expansion and continuance in the City and County of San Francisco.

### CURRENT STATE OF THE CULTURAL CENTERS:

Currently, cultural center facilities and operating budget support comes from two City sources: 1) Grants for the Arts provides programming support, 2) the general fund provides facility maintenance support and capital improvements funds via the Capital Improvements Advisory Committee. In FY 96-97, GFTA provided approximately \$500,000 for programming. General Fund facility maintenance was \$75,000, with a need of \$384,720 including minimal custodial services (half time, per DPW estimate dated July, 1995). Until FY 96-97, minimal capital improvements funds were provided since the centers were first acquired by the City and in 1988 when partial seismic and facility improvements were done. No funds have yet been allocated in the FY 97-98 budget. The major capital needs of the centers will not be addressed by the Hotel Tax Reallocation.

**HOTEL TAX REALLOCATION EXECUTIVE SUMMARY****PAGE 2****CURRENT STATE OF THE CULTURAL CENTERS (continued):**

All of the city-owned cultural centers are in dire need of basic facility maintenance which is often accomplished by Project 20 volunteers and untrained staff of the organizations operating the centers. This risky practice may result in the breakdown and replacement of major facility systems, such as HVAC. Many of the repairs required by the centers, on an emergency basis, result from deferred maintenance due to lack of funds. Large leaks in classrooms, lack of proper heat and ventilation and limited hours due to lack of security are a few examples of chronic problems.

Located in the Western Addition, the Mission District, South of Market and Bayview-Hunter's Point, the cultural centers are all in need of security, facility administration, and outdoor maintenance of buildings, grounds and parking lots. Currently, facility scheduling and management is done by the organizations operating the centers who are appropriately focused on programming rather than facility maintenance and operations. The City is not providing janitorial services, resulting in potential health and safety hazards when emergencies arise, particularly on the weekends when facilities are in heavy use. Minimal funds are provided for janitorial supplies and small maintenance needs.

**POPULATIONS SERVED:**

The cultural centers serve approximately 500,000 people each year with a year-round schedule of community arts classes, theatrical performances, gallery exhibitions and special events, both on-site and city-wide. Bayview Opera House Ruth Williams Memorial Theater serves neighborhood residents in the city's largest African American community of Bayview-Hunter's Point. South of Market Cultural Center serves San Francisco city-wide and middle to low-income people in the Pilipino community and the South of Market District. SOMAR's Technical Services provides city-wide support for cultural events, street fairs and performances with staging, lighting and sound equipment. The Mural Resource Center advances the creation of murals throughout the City. Mission Cultural Center primarily serves a low-income Mission district constituency. The Center for African and African American Art and Culture serves Western Addition residents each year through organizational and CAAAC resident organizations' programs, classes and special events. Meeting rooms and theaters in all cultural centers are available for rental by the public.

**ALLOCATIONS:**

The monies in the Hotel Room Tax Fund allocated pursuant to this legislation shall be used to provide safe, habitable buildings for the public. Uses include, but are not limited to the following purposes: services for facility management, bookkeeping (related to these expenditures), maintenance, custodial, security, equipment and supplies, and programming. Health and safety training, facility management training and development will be provided for facility staff. Training and technical assistance will be provided for organizational development to ensure organizational capacity and board effectiveness. It will support standard building operational needs such as light, heat, power, alarm and fire equipment, elevator maintenance and service, janitorial supplies, garbage, hazardous waste disposal, pest control, security equipment and services, emergency repairs, exterior and grounds

**HOTEL TAX REALLOCATION EXECUTIVE SUMMARY****PAGE 3****ALLOCATIONS (continued):**

maintenance supplies and mechanical and operational maintenance and supplies.

**IMPLEMENTATION:**

Hotel Tax Reallocation will be implemented in a 3 year phasing-in period and process. The Art Commission will conduct a review of organizations currently operating the facilities to ensure organizational capacity to handle additional facility staff and supplies. Standards of performance and facility operations procedures will be developed with the cultural centers. The relationship between the organizations operating the cultural centers and the Art Commission will be examined and strengthened as needed to define responsibilities, processes and oversight systems.

The breakdown of the facilities portion of the allocations by cultural center will be based on need, ie., size and complexity of facility (outdoor areas, parking lot, gallery, etc.), type of programming, and available office, storage, work space. When appropriate, services will be contracted out, employing the Human Rights Commission and Purchasing Department bid process. For planning purposes, organizations operating the cultural centers will submit long range plans, reflecting future changes.

Programming funds will be allocated using the funding process of Grants for the Arts as a guideline. The Art Commission will plan and manage all allocation processes, with input from the organizations operating the centers and the public.

Projected Hotel Tax Fund Allocation – Mayor's Protocol Office  
(File 127-97-6)

FY 1997-98 and thereafter

	Current Percentage Allocation and Projected Revenue Under Current Rate	Proposed Percentage Allocation and Projected Revenue Under Proposed Rate	Revenue Increase (Decrease)
Convention Facilities	41.770 \$31,414,764	41.770 \$31,414,764	0
Convention & Visitor's Bureau	9.760 \$7,340,390	7.760 \$5,836,212	(\$1,504,178)
War Memorial	9.760 \$7,340,390	9.760 \$7,340,390	0
Candlestick Point	6.230 \$4,685,515	6.230 \$4,685,515	0
Publicity /Advertising (Recurring Events)	16.260 \$12,228,970	16.260 \$12,228,970	0
Publicity/Advertising (Non-Recurring Events)	0.250 \$188,022	0.250 \$188,022	0
Low Income Housing: Yerba Buena Redev Area	6.230 \$4,725,515	6.230 \$4,725,515	0
Cultural Equity Endowment	2.250 \$1,692,201	2.250 \$1,692,201	0
Asian Art Museum	2.045 \$1,538,022	2.045 \$1,538,022	0
Fine Arts Museums	5.155 \$3,877,020	5.155 \$3,877,020	0
<b>Mayor's Protocol Office</b>	0	2.000 \$1,504,178	\$1,504,178

Item 10 - File 170-97-8

**Item:** Resolution authorizing the issuance and delivery of multifamily housing revenue refunding bonds (the "bonds") in an aggregate principal amount not to exceed \$20,800,000 for the purpose of refunding bonds previously issued to provide financing for a multifamily rental housing project; authorizing the sale of the bonds; approving the form of and authorizing the execution of documents, including a trust indenture, bond purchase contract, financing and regulatory agreements, necessary to implement this resolution; and ratifying and approving any action heretofore taken in connection with the bonds, the project and the refunding of the prior bonds.

**Description:** City Heights Apartments is a 185-unit privately-owned apartment building located at 840 Post Street, between Leavenworth and Hyde Streets. In 1988, the City issued \$21,500,000 in tax exempt housing revenue bonds to finance the development of the subject project. Under the requirements of the bond financing program, 20 percent of the units (or 37 units) are reserved for low income households (defined as households with incomes below 50 percent of the median income), for the 50 year period from completion of the project in 1990 to the year 2040.

Mr. Joe LaTorre of the Mayor's Office of Housing advises that presently the project's cash flow is not sufficient to cover the existing debt service. The subject property changed ownership in 1995, from Sutter Post Associates to Dai Ichi Kangyo Bank. At that time, the Board of Supervisors approved a resolution authorizing Dai-Ichi Kangyo Bank to purchase the bonds to avoid redemption of the bonds by the Trustee and loss of the affordable units (File 172-95-11).

The subject project has since changed ownership twice, from Dai Ichi Kangyo Bank to Brazos Investments/Black Rock Capital Investments, and from Brazos Investments/Black Rock Capital Investments to Bay Apartment Communities, the current project owner. Bay Apartment Communities sold the bonds to the Calvert Tax Free Reserves Limited Term Fund (the Calvert Fund), an investment mutual fund, in late 1995. As part of that transaction, Bay Apartment Communities and the Calvert Fund signed a waiver agreement, waiving certain of their rights under the Bond Indenture, the Loan Agreement and the Mortgage. The City was not a party to and was not aware of this waiver agreement. Mr. LaTorre states that although a nationally recognized bond counsel firm rendered an opinion at that

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time to Bay Apartment Communities and the Calvert Fund that the waiver agreement did not affect the tax exempt status of the bonds, the City's bond counsel, Orrick Herrington and Sutcliffe, has advised the City that it would not be able to render an unqualified opinion regarding the tax exempt status of the existing bonds or the proposed refunding bonds at this time. (See Comment No. 1.)

The proposed resolution would authorize the City to issue tax exempt refunding bonds in order to obtain credit enhancement (i.e. a loan guarantee, see below) and a resultant lower variable rate of interest than the existing bonds' variable interest rate. Mr. LaTorre states that the City has retained the firm of Hawkins, Delafield and Wood as bond counsel for this transaction. According to Mr. LaTorre, Hawkins, Delafield and Wood has reviewed the waiver agreement between Bay Apartment Communities and the Calvert Fund, and is prepared to issue an unqualified opinion that the proposed refunding bonds will qualify as tax exempt as of the date of issuance.

According to Mr. LaTorre, as a benefit to the project owner, the Federal National Mortgage Association (Fannie Mae) will provide a guarantee of payment of principal and interest on the subject refunding bonds, which will remain in place for the life of the bonds. Mr. LaTorre states that the Fannie Mae guarantee is expected to result in a AAA credit rating, thereby allowing the project to obtain the lowest possible interest cost. Mr. LaTorre further states that the proposed refunding bonds, with the resulting anticipated lower interest rate, should enable the current project owner, Bay Apartment Communities, to cover the debt service with the project's cash flow.

Bay Apartment Communities is required to pay all costs of the proposed transaction, including the bond counsel and financial advisor fees and the City Attorney costs.

The Official Statement for the refunding bonds and other bond documents state that the bonds are a limited obligation of the City and County of San Francisco, payable only from payments made by the project owner, Bay Apartment Communities, and from the Fannie Mae guarantee. (See Comment No. 2.)

The Purchase Contract and Trust Indenture authorize issuance of the refunding bonds only if the Fannie Mae guarantee is executed and Bond Counsel issues an unqualified opinion that the bonds will qualify as tax exempt.

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**Comments:**

1. Ms. Catherine Payer of the City Attorney's Office states that, because two nationally recognized bond counsel firms disagreed as to whether or not an unqualified opinion could be issued on the tax exempt status of the existing bonds following the waiver agreement, the City obtained an analysis of the issues from the nationally recognized firm of Hawkins, Delafield and Wood. However, Ms. Payer advises that, as noted above, Hawkins, Delafield and Wood is prepared to issue an unqualified opinion that the proposed refunding bonds will be tax exempt, and has advised the City that the waiver agreement related to the existing bonds, which will be paid off with the proceeds of the proposed refunding bonds, does not present an impediment to the tax exempt status of the proposed bonds.

2. The City issues tax-exempt housing revenue bonds, as an accommodation to private developers to obtain lower interest rates, in order to facilitate the financing of housing projects and thereby improve cash flow for paying the debt service and maintaining the property. Socially desirable public policy is achieved by requiring rental of a percentage of the units to low-income households. As noted above, under the requirements of the bond financing program, as a benefit to the City, 20 percent of the units, or approximately 37 of the 185 apartment units in the City Heights Apartment building, are reserved for low income households with incomes below 50 percent of the median income.

Ms. Payer advises that the City is only obligated to make payments to the Bondholder to the extent that the project owner, Bay Apartment Communities, makes such payments to the City. According to Ms. Payer, the City would not incur any liability as a result of the proposed legislation and the related project, unless the City or the Trustee, First Trust, failed to comply with standard securities and tax requirements, or the Bond Indenture.

These proposed housing revenue refunding bonds are not General Obligation Bonds and as such would not be secured by the taxing authority of the City. Since these proposed tax exempt housing revenue refunding bonds are not General Obligation Bonds, the principal of and interest on the housing revenue refunding bonds, and any premium upon the redemption of such bonds, would not constitute a debt payable by the General Fund of the City and County of San Francisco and would not be included in the bonded indebtedness limit of the City.

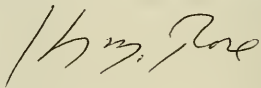
3. Mr. LaTorre advises that the benefit to the project owner, Bay Apartment Communities, in having the City issue the

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proposed tax exempt housing revenue refunding bonds is that a lower variable rate of interest on the bonds would be obtained and the project would obtain the above-mentioned Federal National Mortgage Association guarantee to pay the principal and interest on the refunding bonds for the life of the bonds, thereby enabling the bonds to be publicly traded at an interest rate reflecting an AAA credit rating. Mr. LaTorre states that obtaining the lowest possible interest cost will stabilize the financing and cash flow for the project and improve the owner's financial capacity to operate and maintain the property. Mr. LaTorre states that this is also in the best interests of the City, in order to secure the continued operation and maintenance of the 37 apartment units reserved for low income tenants.

4. In summary, Mr. LaTorre advises that the purpose of this legislation is to enable Bay Apartment Communities, the private owner of the City Heights Apartments, located at 840 Post Street, to obtain a Fannie Mae guarantee through the process of refunding the bonds used to finance the project. The Fannie Mae guarantee will enable the bonds to be publicly traded at a favorable credit rating, thereby minimizing the interest cost to the project, and stabilizing the project financing. Mr. LaTorre states that this will secure the continued operation and maintenance of 37 apartments reserved for low income tenants in the subject building.

**Recommendation:** Approval of the proposed resolution is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Steve Agostini  
Stephen Kawa  
Ted Lakey

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

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WEDNESDAY, JULY 16, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

Meeting Convened at 1:08 p.m.

Present Supervisors Leal, Kaufman, Brown

1. File 27-97-6. [International Airport Management/Advisory Services] Resolution approving the formation of a private for-profit corporation as an international provider of airport management and advisory services. (Supervisors Kaufman, Leal) (COMPANION TO THE FOLLOWING FILE.)

SPEAKERS: Harvey Rose, Budget Analyst; John Martin, Director, Airport; Melba Yee, Deputy City Attorney; Ted Lakey, Deputy City Attorney; Ed Harrington, Controller

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amend title, line 2, after "FORMATION" by adding "AND OPERATION"; line 3, after "SERVICES" by adding "; DESIGNATING THE INCORPORATORS; REQUIRING AN ANNUAL FINANCIAL ACCOUNTING; REQUIRING THAT DIVIDENDS SHALL BE DEPOSITED IN THE CITY'S GENERAL FUND; REQUIRING THE MAYOR TO SUBMIT TO THE BOARD OF SUPERVISORS FOR REVIEW THE NAMES OF INTENDED NOMINEES TO SERVE AS CORPORATE DIRECTORS"; Amend page 4, line 4; by inserting the following further resolved clauses to read as follows: "FURTHER RESOLVED, that the corporation shall provide an annual accounting to the Board of Supervisors which shall include information regarding the declaration of dividends, if any, or why dividends were not declared; and be it"; FURTHER RESOLVED, that dividends declared by the Board of Directors of the corporation shall be deposited in the City's General Fund; and be it"; amend line 15, by adding a further resolved clause to read as follows: "FURTHER RESOLVED, that the Mayor of the City and County of San Francisco shall vote the corporate shares on behalf of the City and County of San Francisco, provided that after the initial appointments to the Board of Directors made by the incorporators, the Mayor shall submit to the Board of Supervisors the names of the nominees the Mayor intends to elect and shall vote said name(s) unless the Board of Supervisors by two-thirds vote reject the nominee(s) within thirty (30) days following notice of the intent to vote by the Mayor to the Board of Supervisors." (See new title below.)

NEW TITLE: "Resolution approving the formation and operation of a private for-profit corporation as an international provider of airport management and advisory services; designating the incorporators; requiring an annual financial accounting; requiring that dividends shall be deposited in the City's general fund; requiring the Mayor to submit to the Board of Supervisors for review the names of intended nominees to



2. File 101-97-3. [Appropriation, Airport] Ordinance appropriating \$10,000, Airport, from General Fund Reserve, SFO International Services, Inc., for fiscal year 1997-98. (Supervisors Kaufman, Leal) (COMPANION TO THE PRECEDING FILE.)

SPEAKERS: Harvey Rose, Budget Analyst; John Martin, Director, Airport; Melba Yee, Deputy City Attorney; Ted Lakey, Deputy City Attorney; Ed Harrington, Controller

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amendment of the whole bearing new title adopted. (See new title below.)

NEW TITLE: [Appropriation, Mayor] Ordinance appropriating \$10,000, Mayor's Office, from General Fund Reserve, for other current expenses, for fiscal year 1997-98. (Supervisors Kaufman, Leal)

3. File 172-97-48. [Contracting with Board of Controls] Resolution authorizing the District Attorney to retroactively contract for, accept and expend funds in the amount of \$498,251 which include indirect costs of \$28,526 which have been allocated from the State Board of Control Victims of Crime program, an agent of the State of California, for a project entitled, "Joint Powers Agreement with Victim and Witness Assistance Program" for the twelve month period July 1, 1997 through June 30, 1998. (Supervisor Kaufman)

SPEAKERS: Harvey Rose, Budget Analyst

ACTION: Hearing held. Amended. RECOMMENDED AS AMENDED.  
Amend title, line 4, by replacing "\$28,526" with "\$3,593"; amend lines 16 and 20, by replacing "\$28,526" with "\$3,593". (See new title below.)

NEW TITLE: Resolution authorizing the District Attorney to retroactively contract for, accept and expend funds in the amount of \$498,251 which include indirect costs of \$3,593 which have been allocated from the State Board of Control Victims of Crime program, an agent of the State of California, for a project entitled, "Joint Powers Agreement with Victim and Witness Assistance Program" for the twelve month period July 1, 1997 through June 30, 1998. (Supervisor Kaufman)

4. File 97-97-26. [Low-Value Tax Exemption] Ordinance amending Administrative Code by adding Section 10.2-8 to exempt from property taxation all personal property of a taxpayer on the unsecured property tax roll with a total full value of \$4,000 or less. (Supervisors Brown, Bierman)

SPEAKERS: Harvey Rose, Budget Analyst

ACTION: Hearing held. RECOMMENDED.

5. File 93-96-30.1. [Amendment to MOU, Local 911] Ordinance implementing the provisions of Amendment No. 2 to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, SEIU, AFL-CIO and the City and County of San Francisco for Bargaining Units P-1; P-2A and P-2B to add Bargaining Units 14B and 15B to the terms of Memorandum of Understanding effective July 1, 1997 through June 30, 2001. (Department of Human Resources)

SPEAKERS: Harvey Rose, Budget Analyst

ACTION: Hearing held. CONSIDERATION CONTINUED TO JULY 23, 1997.

6. File 25-97-11. [Prop J Contract, Budget Analyst] Resolution concurring with the







Controller's certification that services of the Budget Analyst can be practically performed by private contractor for lower cost than similar work services performed by City and County employees. (Clerk of the Board)

**SPEAKERS:** Ed Harrington, Controller

**ACTION:** Hearing held. **RECOMMENDED.**



7. File 60-97-4. [Special Election, Water Revenue Bonds, \$17M] Resolution calling and providing for a special revenue bond election to be held in the City and County for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for issuing revenue bonds pursuant to Section 9.107 of the Charter of the City and County in the principal amount of \$157,000,000 to provide funds for the purpose of acquiring, constructing and financing reliability and seismic safety additions and improvements to the existing drinking water collection treatment and distribution system; and consolidating said special revenue bond election with the general municipal election to be held on November 4, 1997. (Public Utilities Commission)

**SPEAKERS:** Harvey Rose, Budget Analyst; Ted Lakey, Deputy City Attorney; Monique Moyer, Director of Finance, Mayor's Office; Anson Moran, General Manager, Public Utilities Commission; Steve Carmichael, Asst. General Manager, Public Utilities Commission; Art Jensen, General Manager, Bay Area Water Users Association; Emeric Kalman/OPPOSED

**ACTION:** Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amendment of the whole bearing new title adopted. (See new title below.)

**NEW TITLE:** Resolution calling and providing for a special election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for the issuance of revenue bonds by the Public Utilities Commission in a principal amount not to exceed \$157,000,000 to finance the acquisition and construction of reliability and seismic safety improvements to the City's water system; and consolidating said special election with the general municipal election to be held on November 4, 1997; finding the proposed project is in conformity with the priority of Planning Code Section 101.1(b) and the City's General Plan. (Public Utilities Commission)

8. File 60-97-5. [Special Election, Water Revenue Bonds, \$147M] Resolution calling and providing for a special revenue bond election to be held in the City and County for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for issuing revenue bonds pursuant to Section 9.107 of the Charter of the City and County in the principal amount of \$147,000,000 to provide funds for the purpose of acquiring, constructing and financing safe drinking water collection, treatment and distribution system; and consolidating said special revenue bond election with the general municipal election to be held on November 4, 1997. (Public Utilities Commission)

**ACTION:** Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amendment of the whole bearing new title adopted. (See new title below.)

**NEW TITLE:** Resolution calling and providing for a special election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for the issuance of revenue bonds by the Public Utilities Commission in a principal amount not to exceed \$147,000,000 to finance the acquisition and construction of safe drinking water improvements to the City's water system; and consolidating said special election with the general municipal election to be held on November 4, 1997; finding the proposed project is in conformity with the priority of Planning Code Section 101.1(b) and the City's General Plan. (Public Utilities Commission)

The Committee prepared in and reported out of committee a motion concerning the two above items RECOMMENDED. (See title below.)



"File 66-97-9, [Board Committee of the Whole] Motion directing that the Board of Supervisors convene as a Committee of the Whole on July 21, 1997, to listen to testimony concerning two resolutions calling for a special election relative to two propositions on the issuance of water revenue bonds."





9. File 64-97-7. [Lease of Property at 680 Eighth Street] Resolution authorizing a lease of real property at 680 Eighth Street, San Francisco, for the Department of Public Health. (Real Estate Department)

SPEAKERS: Harvey Rose, Budget Analyst

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amend title, line 2, after "AUTHORIZING" by adding "RETROACTIVELY"; amend line 10, after "authorized" by adding "retroactively"; page 2, line 12, after "hereby" by adding "retroactively". (See new title below.)  
NEW TITLE: "Resolution authorizing retroactively a lease of real property at 680 Eighth Street, San Francisco, for the Department of Public Health."

10. File 101-94-76.4. [Reserved Funds, City Administrator] Hearing to consider release of reserved funds, City Administrator, (Convention Facilities Fund), in the total amount of \$1,647,514 to fund the capital improvements for Moscone Center. (ADA restroom upgrade construction \$398,000, and equipment replacement \$1,249,514). (City Administrator/Administrative Services)

SPEAKERS: Harvey Rose, Budget Analyst

ACTION: Hearing held. AMENDED. RELEASE OF \$1,647,514 APPROVED.  
FILED. (Amendment: Funds are to be released by the Controller upon receipt of the Human Rights Commission's Section 12B certification.)

#### LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 60-97-4. Special Election. Water Revenue Bonds, \$157 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 60-97-5. Special Election. Water Revenue Bonds, \$147 million, Resolution, (Public Utilities Commission), 30 day Rule expires 7/16/97.

File No. 262-97-1. China Basin Ballpark, CEQA and Environmental findings, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-2. China Basin Ballpark, Disposition/Development Agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-3. China Basin Ballpark, Ground Lease, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-4. China Basin Ballpark, Non-relocation agreement, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 262-97-5. China Basin Ballpark, CalTrans Parcel Purchase, Resolution, (Supervisor Yaki), 30 day Rule expires 7/23/97.

File No. 69-97-2. Constituent Liaison, Board of Supervisors, Motion, (Supervisor Katz), 30 day Rule expires 8/6/97.

Watch future calendars for scheduling of these matters.



VOTE ON ALL ITEMS W 3 - 0, FOR ENTIRE MEETING.

Meeting Adjourned at 2:33 p.m.



CITY AND COUNTY



OF SAN FRANCISCO

## BOARD OF SUPERVISORS

### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

July 11, 1997

**TO:** Finance Committee

**FROM:** Budget Analyst *Received by meeting* DOCUMENTS DEPT.

**SUBJECT:** July 16, 1997 Finance Committee Meeting

JUL 15 1997

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Items 1 and 2 - Files 27-97-6 and 101-97-3

**Department:** Airport

**Items:** **File 27-97-6:** Resolution approving the formation of a private, for-profit corporation as an international provider of airport management and advisory services.

**File 101-97-3:** Ordinance appropriating \$10,000 from the General Fund Reserve for the purchase of stock.

**Description:** Established in November of 1996, the purpose of the Airport's International Services Division (ISD) is to generate additional revenue by offering consulting services to other airports throughout the world which are engaged in developing new or expanded airport facilities. According to Mr. John Costas of the Airport, based on ISD's initial consulting services provided to the Perth Airport in Australia and to Santiago Airport in Chile, the Airport believes that in order to maximize the benefits of its consulting services and to effectively compete with other firms, the Airport's consulting services should be conducted by a separate private, for-profit corporation, instead of by a division of the Airport (see Attachment I). According to Mr. Costas, the current status of ISD as a division of the Airport has two disadvantages: (1) competitors have access to key documents due to public access laws which govern City agencies, and (2)

responding to Request for Proposals, and executing contracts and agreements cannot always be done as quickly as when those tasks are performed by private firms.

The proposed resolution (File 27-97-6) would approve changing the status of the ISD from a division of the Airport to a private, for-profit corporation. However, according to the proposed resolution, the private, for-profit corporation would still be "wholly-owned by the City and County of San Francisco." According to Ms. Mara Rosales of the City Attorney's Office, even though the City would be the owner of the private corporation, competitors would not have access to the corporation's records because a private corporation's records are confidential irrespective of ownership.

According to Mr. Costas, the City would own the private, for-profit corporation through owning the stock to be issued by the corporation. Mr. Costas reports that the City would need to pay \$10,000 to own 1 million shares of stock (\$0.01 per share). The proposed supplemental appropriation ordinance (File 101-97-3) would appropriate \$10,000 from the General Fund Reserve to purchase the stock. Mr. Costas advises that the City would be the sole shareholder of the proposed corporation.

According to Mr. Costas, the private, for-profit corporation would be formed in accordance with the proposed Articles of Incorporation and By-laws (copies of both documents are on file with the Clerk of the Board of Supervisors). Mr. Costas reports that the Articles of Incorporation and By-laws would not be subject to the approval of the Board of Supervisors. Instead, the Articles of Incorporation and By-Laws would be approved by the incorporators. According to Mr. Costas, the Mayor, the Treasurer, and the President of the Airport Commission would serve as the incorporators for the private, for-profit corporation. The incorporators would also appoint the five member Board of Directors of the proposed corporation. Mr. Costas reports that the appointments to the Board of Directors by the incorporators are also not subject the approval of the Board of Supervisors. Once in operation, the Board of Directors would be elected annually by the shareholders of the corporation, according to the By-laws. According to the proposed resolution, the Mayor would vote as the sole shareholder on behalf of the City.

**Comments:**

1. According to Ms. Rosales, under the current arrangement, any profit made by ISD is returned to the Airport, and the use of the funds is restricted to the Airport by various Federal and States regulations. Ms. Rosales reports that



under the proposed arrangement, any profit would belong to the private corporation. However, according to Ms. Rosales, the corporate profits, or some portion thereof, could be transferred to the City's General Fund if the Board of Directors specifies such provisions be included in the By-laws of the corporation. However, as previously noted, the appointment of the corporation's Board of Directors and the By-laws would not be subject to approval of the Board of Supervisors.

Ms. Rosales states that transfers of profits by the proposed private corporation to the City's General Fund would not conflict with Federal, State or local regulations which require monies generated by the Airport to remain at the Airport because the profits would not have originated with the Airport; Rather, the profits would come from revenues realized by the private corporation through providing consulting services to other airports. Thus, the private corporation would not be subject to the Federal, State and local regulations which largely restrict the use of Airport revenues for Airport purposes and generally prohibit the transfer of Airport revenues to the General Fund. This matter is explained in detail in Attachment II, provided by the City Attorney's Office.

2. According to Mr. John Martin, Director of Airports, the Airport is not paying for the \$10,000 to purchase the corporate stock because it would be considered "improper revenue diversion" and thus, violate Federal regulations. Therefore, the proposed supplemental appropriation ordinance (File 101-97-3) would appropriate \$10,000 from the General Fund Reserve.

3. Regarding the City's liability, in a memorandum dated July 9, 1997 (Attachment III), Ms. Melba Yee, Deputy City Attorney, states "As long as the City acts solely as a shareholder, the corporate formalities are observed, sufficient insurance is obtained by the corporation (property, casualty, and liability), and the corporation is properly capitalized for the business in which it engages, the protection of the City as a shareholder will be preserved. If on the other hand, the City intervenes in the day-to-day affairs of the corporation or ignores the separate legal identity of the corporation, then the City may lose the protection that is otherwise provided by the California law."

4. According to Mr. Costas, all costs incurred by the corporation would be funded by the revenues to be realized by the corporation.

5. According to Mr. Costas, because the proposed corporation would be a private business, the Board of Supervisors would have no oversight authority regarding the corporation's activities. In addition, Mr. Costas reports that the revenues and expenditures generated by the corporation would not be subject to appropriation approval by the Board of Supervisors.

6. Mr. Costas states that, at this time, the Airport cannot estimate the amount of revenues which may accrue to the General Fund if this proposed resolution is approved by the Board of Supervisors. According to Mr. Costas, the Board of Directors would be responsible for determining what amount of the corporation's profits, if any, which would be transferred to the City's General Fund. As noted in a memorandum of July 9, 1997 (Attachment II), Ms. Yee states that "The international advisory services the City is proposing to conduct need not generate "airport revenue" subject to the restrictions. Rather, if structured as a separate legal entity with its own source of funds separate from the monies generated from on-going Airport activities, this line of business could produce a long-term source of revenue which lawfully could be provided to the General Fund. That is because, strictly speaking, monies received on account of Airport management or advisory services provided overseas would not be derived from the operation of the Airport. Under this structure, no Airport revenues would be used for the corporation, nor would revenues from the corporation be used to operate the Airport. As such, revenues from the corporation should not be considered "airport revenue." Upon a declaration of dividends by the corporation's Board of Directors, distribution of the dividends would be made to the City and County of San Francisco, as the sole shareholder of the corporation."

However as previously noted, the Board of Supervisors would have no control as to the amount of corporate monies, if any, which would be transferred to the General Fund.


**Recommendation:** The proposed resolution is a policy matter for the Board of Supervisors.



## Planning and International Services

July 10, 1997

To: Budget Analyst

From: John Costas   
Deputy Airport Director

Subject: *International Services Corporation—Competitive Environment Issues*

This memo responds to your request for an explanation of the need for quick response in a competitive environment and how the private corporation fulfills that need.

A private for-profit corporation will provide for rapid response necessary in a competitive business environment that is not possible under the San Francisco City Charter due to specific requirements for Airport Commission and Board of Supervisors approvals of certain agreements and documents. These processes are entirely appropriate when the public's funds and assets are at risk. However, through a private for-profit corporation that separates public assets and funds from the private enterprise, the necessity for multiple layers of approvals and extended processes can be eliminated and more timely decisions can be made.

During SFO's recent experience on the Australian privatization project for Perth Airport, authorization was required by the Airport Commission and Board of Supervisors for staff to participate in the project. These approvals caused a loss of one month's time on a short four-month bid process. Additionally, last minute requirements by the Australian Government for the bid submission obligated the Airport to submit documented evidence that SFO was legally authorized to enter into the bid. SFO barely met the bid deadline resulting from the need to seek long distance certifications from the Airport Commission and the City Attorney. Further, City travel requirements and approvals limited the Airport's ability to attend necessary on-demand called meetings and staff missed one meeting with Australian government officials.

Currently, on the Santiago airport project in Chile, the City purchasing process has delayed receipt of necessary Air Traffic Forecasts from IATA, and the City process (RFP, Civil Service, HRC, etc.) required to engage a financial advisor is untimely in meeting the 2-month bid preparation window. This is hampering our efforts to assess the financial viability of investments and seek capital funding for SFO International Services.

JC/ts

cc: John L. Martin  
Peter Nardoza  
Mara Rosales

JUL 9 1997 3:46PM

SFIA LEGAL 415 876 8829



**LOUISE H. RENNE**  
CITY ATTORNEY  
CITY AND COUNTY OF SAN FRANCISCO

AIRPORT DIVISION

MARA E. ROSALES  
Airport General Counsel  
THORNTON C. BUNCH, JR.  
KATHRYN A. PENNYPACKER  
GRETCHEN NICHOLSON  
MELBA YEE  
ADRIENNE GO  
EDUARDO A. ANGELES

**MEMORANDUM**

July 9, 1997

Direct Dial: 794-5056

TO: Budget Analyst

FROM: Melba Yee *[Signature]*  
Deputy City Attorney

RE: International Services Corporation - Financial Issues

The purpose of this memorandum is to address your questions regarding the airport revenue retention requirements and the application of those requirements to the proposed for-profit corporation for international services.

In general, under federal rules regarding the use of "airport revenue," monies generated by the operation of an Airport must be used for narrowly-defined Airport purposes. These rules limit transfers of monies from the Airport to the General Fund. As currently structured, the international services division of the Airport is operated as part of the Airport and the funds derived therefrom would be considered "airport revenue" monies and would not be available to the City's General Fund.

The international advisory services the City is proposing to conduct need not generate "airport revenue" subject to the restrictions. Rather, if structured as a separate legal entity with its own source of funds separate from the monies generated from on-going Airport activities, this line of business could produce a long-term source of revenue which lawfully could be provided to the General Fund. That is because, strictly speaking, monies received on account of Airport management or advisory services provided overseas would not be derived from the operation of the Airport. Under this structure, no Airport revenues would be used for the corporation, nor would revenues from the corporation be used to operate the Airport. As such, revenues from the corporation should not be considered "airport revenue." Upon a declaration of dividends by the corporation's Board of Directors, distribution of the dividends would be made to the City and County of San Francisco, as the sole shareholder of the corporation.

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**LOUISE H. RENNE**  
CITY ATTORNEY  
CITY AND COUNTY OF SAN FRANCISCO

AIRPORT DIVISION


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MELBA YEE  
ADRIENNE GO  
EDUARDO A. ANGELES

**MEMORANDUM**

July 9, 1997

Direct Dial: 794-5056

TO: Budget Analyst

FROM: Melba Yee   
Deputy City Attorney

RE: International Services Corporation - City's Liability

The purpose of this memorandum is to respond to your question regarding the potential liability of the City and County of San Francisco for actions of the corporation.

The Airport has been authorized to and is currently conducting international services as part of the City and County of San Francisco. To the extent that international consulting services are provided by a division of the San Francisco International Airport, the City itself could be potentially liable for successful claims arising from international service activities. Therefore, one purpose of the corporate form is to protect the City from such liability. This would be accomplished by utilizing the provisions of California law that provide that the liability of a shareholder for claims against a corporation is limited to the amount the shareholder has invested in the corporation. By providing international services through a separately incorporated and capitalized entity, the City and County of San Francisco should be protected against claims for liability arising from the acts of the corporation.

As long as the City acts solely as a shareholder, the corporate formalities are observed, sufficient insurance is obtained by the corporation (property, casualty, and liability), and the corporation is properly capitalized for the business in which it engages, the protection of the City as a shareholder will be preserved. If on the other hand, the City intervenes in the day-to-day affairs of the corporation or ignores the separate legal identity of the corporation, then the City may lose the protection that is otherwise provided by California law.

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Item 3 - File 172-97-48

**Department:** District Attorney

**Item:** Resolution authorizing the District Attorney to retroactively contract for, accept and expend funds in the amount of \$498,251, which include indirect costs of \$28,526. These funds have been allocated from the State Board of Control Victims of Crime Program, an agent of the State of California, for a project entitled "Joint Powers Agreement with Victim and Witness Assistance Program" for the 12-month period July 1, 1997 through June 30, 1998.

**Grant Amount:** \$498,251

**Grant Period:** July 1, 1997 through June 30, 1998

**Source of Funds:** California State Board of Control Victims of Crime Program

**Project:** Joint Powers Agreement with Victim and Witness Assistance Program

**Description:** The proposed grant funds would be used by the District Attorney's Office to provide verification services for victims of violent crimes who seek compensation for unreimbursed financial losses due to crime. Compensation is made through the State Restitution Fund which is established through criminal fines and penalties. The proposed resolution represents the eleventh year in which the State Board of Control has entered into a Joint Powers Agreement with the City, which allows the City to receive grant funds for the Joint Powers Agreement with Victim and Witness Assistance Program.

**Budget:** The proposed grant funds will be expended as follows:

<u>Personnel Costs</u>	<u>FTEs</u>	<u>Amount</u>
Executive Director	.50	\$37,362
Criminal Justice Specialist	1.00	61,152
Victim Witness Investigator	4.70	211,167
Victim Witness Technician	1.50	50,162
Contract Manager	<u>.20</u>	<u>8,887</u>
Total Salaries	7.90	\$368,730
Fringe Benefits		<u>100,995</u>
Total Personnel Costs:		\$469,725

Memo to Finance Committee  
July 16, 1997 Finance Committee Meeting

Operating Expenses

Photocopying	\$250
Office Supplies	1,580
Telephone	
8.5 lines @ \$26.16 per month per line	2,668
Rent	
3 months @ \$1,000 per month	
9 months @ \$1,877 per month	19,893
Travel/Training	<u>542</u>
Total Operating Expenses:	\$24,933

Total Direct Costs	\$494,658
Total Indirect Costs	<u>3,593</u>
<b>Total Grant Budget</b>	<b>\$498,251</b>

**Required Match:** None

**Indirect Costs:** \$3,593 (see Comment No. 5)

**Comments:**

1. Attached is a Grant Application Information Form as prepared by the District Attorney.
2. Starting October 1, 1997, the Claims Unit of the District Attorney's Office will be moving from their current location at 699 8th Street to a new location at 732 Brannan Street. This move will allow the Claims Unit to be in the same building as most of the other units of the District Attorney's Office permitting greater coordination and consolidation of other department activities. The rent at this new location is \$877 more than at the current 8th Street location.
3. The District Attorney has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.
4. The District Attorney advises that because this is a continuation grant, expenses have been incurred against the proposed grant funds. Therefore, the proposed resolution provides for retroactive approval for the District Attorney's Office to apply for, accept and expend the subject grant funds.
5. Indirect Costs are a portion of the total grant award that will go directly to the General Fund to pay for the City's indirect costs. Indirect costs were incorrectly reported at \$28,526 instead of \$3,593.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

- Recommendations:**
1. In accordance with Comment No. 5 above, amend the proposed resolution to state that indirect costs are \$3,593 and not \$28,526.
  2. Approve the proposed resolution as amended.

Grantor State Board of Control  
 Contact Person Bettzan Mar  
 Address P.O. Box 48  
Sacramento, CA 95812-0048  
 Amount Requested \$ 498,251  
 Term: From 7/1/97 To 6/30/98  
 Health Commission \_\_\_\_\_ Board of Supervisors: Finance Committee \_\_\_\_\_

Division District Attorney  
 Section Victim Witness Program  
 Contact Person Tricia Stapleton  
 Telephone (415) 553-9046  
 Application Deadline 8/15/97  
 Notification Expected 8/31/97  
 Full Board \_\_\_\_\_

I. Item Description: Request to (apply for) (accept and expend) a (new) (continuation) (allocation) (augmentation) (renewal) grant in the amount of \$498,251 from the period of 7/1/97 to 6/30/98 to provide verification of victim compensation claims services.

II. Summary: (Content/History; need additional; number a group served; services and providers)

State Board of Control has entered into a Joint Powers Agreement with the City and County of San Francisco since 1986. The Victim Witness Program of the DA's Office administers the Agreement by providing verification of claims submitted on behalf of the victims for out-of-pocket crime-related expenses covered by the State's Victims of Crime Program. The Agreement and claims are funded through the Restitution Fund, which

III. Outcomes/Objectives: comes from fines and penalty assessments on criminal convictions. Staff will process: Initial and Late Eligibility Determinations; Emergency Award Claims; derivative Eligibility Determinations; Initial and Subsequent Income/Support; Initial, Subsequent, and Preauthorization Mental Health Bills; and all other bills relating to claims

#### IV. Effects of Reduction or Termination of These Funds:

Reduction or termination of these funds would result in an increase in the amount of time it takes a victim or service provider to be reimbursed for their losses/costs. One of the largest providers of service is San Francisco General Hospital. A reduction in Claims Unit staff could result in an increase in SFCH budget expenses for unpaid bills.

#### V. Financial Information:

	Col. A	Col. B	Col. C	Col. D	Req. Match	Approved by
	Two Years Ago	Past Year/Orig.	Proposed	Change		
Grant Amount	396,145	408,755	498,251	89,496	0	
Personnel	355,541	382,370	469,725	87,355	0	
Equipment	0	0	0	0	0	
*Contract Svc.	0	0	0	0	0	
Mat. & Supp.	8,159	4,968	4,498	(470)	0	
Facilities/Space	12,000	12,000	19,893	7,893	0	
Other	2,668	979	542	(437)	0	
Indirect Costs	17,777	8,438	3,593	(4,845)		

#### VI. Data Processing

(costs included above) NA NA NA NA NA NA

#### VII. Personnel

	6	6	6	0	0
F/T CSC	6	6	6	0	0
P/T CSC	3	4	4	0	0
Contractual	0	0	0	0	

Source(s) of non-grant funding for salaries of CSC employees working part-time on this grant:  
District Attorney's Office General Fund; Office of Criminal Justice Planning Grant

Will grant funded employees be retained after this grant terminates? If so, How?  
Employees will be retained as long as an Agreement continues.

\*VIII. Contractual Services: Open Bid NA Sole Source \_\_\_\_\_ (if sole source, attach Request for Exemptions Form)

Item 4 - File 97-97-26

**Department:** Assessor's Office

**Item:** Ordinance amending Article I of Chapter 10 of the Administrative Code, by adding Section 10.2-8 to exempt from property taxation, all personal property on the Unsecured Property Tax Roll if the total full value of the taxpayer's personal property is \$4,000 or less.

**Description:** Section 155.20 of the California Revenue and Taxation Code permits county boards of supervisors to exempt from Property Tax, real or personal property with a total full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting such taxes. The exemption is limited to property with a total full value of \$5,000 or less.

Mr. Verne Walton of the Assessor's Office advises that the administrative costs of assessing personal property on the Unsecured Property Tax Roll, with a total value of \$4,000 or less, exceeds the tax proceeds to be collected. Therefore the proposed ordinance would exempt such property from the payment of Personal Property Taxes. Mr. Walton advises that personal property is typically defined as "moveable" property such as equipment, furniture, boats, and aircraft.

According to the Assessor's Office, there are an estimated 7,500 personal property assessment accounts on the unsecured tax roll with a total value of less than \$4,000. According to Mr. Walton, such personal property tax revenue to the City in FY 1996-97, with an estimated average assessment of \$2,000 per taxpayer account and a tax rate of \$1.183 per \$100 of assessed valuation, is \$177,450 (7,500 assessments times \$2,000 times \$1.183). However, Mr. Walton reports that the City's estimated average administrative costs to assess each personal property account valued under \$4,000 is \$40 per assessment, for a total cost of \$300,000 (\$40 per assessment times 7,500 assessments). Therefore, according to Mr. Walton, the City incurs an estimated loss of \$122,550 annually for the assessment of such low value accounts, based on FY 1996-97 data. (\$300,000 in assessment costs minus \$177,450 in tax revenue).

Mr. Walton advises that the assessment of Property Taxes on personal property accounts valued at more than \$4,000 does generate revenue for the City. Therefore the subject ordinance exempts such property accounts valued at \$4,000



or less, instead of up to \$5,000 as permitted under the California Revenue and Taxation Code. Mr. Walton reports that other Bay Area counties have a range of between \$2,000 and \$5,000 as their minimum personal and/or real property tax assessment level.

The proposed ordinance would, beginning in the 1998-99 assessment year, which commences January 1, 1998, exempt all personal property with a total full cash value of \$4,000 or less from property taxation such that the property would not be entered on the Unsecured Property Tax Roll. Under the proposed ordinance, the exemption shall apply only when the aggregate value of all personal property that may be placed on the Unsecured Property Tax Roll, and is owned, possessed or controlled by any one owner or taxpayer, does not exceed \$4,000.

**Comments:**

1. According to Mr. Walton, the proposed legislation is consistent with an audit of the Assessor's Office conducted by the State Board of Equalization in 1996. The State audit report contained a recommendation that the City put in place an exemption from property taxation of low-valued personal and/or real property.

2. Mr. Walton advises that the Assessor's Office is not seeking an exemption of low valued real property from tax assessment because such annual assessments are calculated using a base year value with a computerized tax increase adjustment, a task conducted with relatively low administrative costs. However, according to Mr. Walton, personal property tax assessments on the Unsecured Property Tax Roll must be reappraised each year, resulting in considerably more administrative costs to the Assessor's Office.

3. According to Mr. Walton, if the proposed ordinance is approved, the Assessor's Office will be able to devote more time to conducting mandatory audits. Mandatory audits are State-required audits of business taxpayers every four years. Mr. Walton advises that the Department has a backlog of such audits.

**Recommendation:** Based on the representation of the Assessor's Office that continuing to assess personal property accounts valued at \$4,000 or less is not cost effective, and that the time saved would be used to conduct additional State-required audits, approve the proposed ordinance.



Item 5 - File 93-96-30.1

**Department:** Human Resources Department (HRD)

**Item:** Ordinance implementing the provisions of Amendment No. 2 to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, Service Employees International Union (SEIU), AFL-CIO and the City and County of San Francisco, for bargaining units P-1, P-2A and P-2B to add bargaining units 14B and 15B to the terms of the Memorandum of Understanding effective July 1, 1997 through June 30, 2001.

**Description:** The proposed ordinance would approve a second amendment to the Memorandum of Understanding (MOU) between the San Francisco Police Officers Association (POA) Local 911 and the City, to add Airport Police personnel, covering 150 positions under four classifications, to the POA MOU covering Officers of the San Francisco Police Department (SFPD), for the four-year period from July 1, 1997 through June 30, 2001. Prior to the start of FY 1997-98, Airport law enforcement officers were assigned to the Airport's own Police Bureau. However, on May 13, 1997 the Mayor notified the Board of Supervisors of a reorganization of departmental duties and functions, under which the SFPD assumed responsibility for the Airport Police Bureau as of July 1, 1997. The Finance Committee has recommended approval of the reorganization, as reflected in the proposed budgets of the Airport and the SFPD, to the full Board of Supervisors.

Specifically, the subject ordinance would approve adding the following four classifications to the POA MOU:

<u>Class</u>	<u>Title</u>	<u>No. of Positions in FY 1997-98 Annual Salary Ordinance</u>
<u>Bargaining Unit 14-B</u>		
9210	Airport Police Officer	115
<u>Bargaining Unit 15-B</u>		
9211	Airport Police Sergeant	22
9215	Airport Police Lieutenant	9
9216	Airport Police Captain	<u>4</u>
Total		150

**Board of Supervisors**  
**Budget Analyst**

Ms. Alice Villagomez of the Human Resources Department (HRD) advises that the Airport Police classifications listed above are already represented by the POA, but had a separate MOU with the City which expired on June 30, 1997. Ms. Villagomez advises that, because the reorganization was pending, the HRD did not negotiate a new MOU to cover the Airport Police. Ms. Villagomez states that, since the classifications listed above are now part of the Police Department, HRD officials believe that it is appropriate for such classifications to be included in the POA MOU.

The Board of Supervisors previously approved a POA MOU (File 93-96-30) containing new wage and benefits provisions covering the four-year period from July 1, 1997 through June 30, 2001. The identical provisions contained in the POA MOU, as previously approved by the Board of Supervisors, have been recommended for the Airport Police classifications listed above.

The Controller estimates that the cost of adding the subject Airport Police classifications to the POA MOU, over the current cost based on the recently expired separate Airport Police MOU covering bargaining units 14B and 15B, would be \$451,736 in FY 1997-98 and \$361,939 in FY 1998-99, resulting in cumulative costs of \$1,265,411 over the first two years of the four-year MOU. The MOU contains a wage reopener for the last two fiscal years, FY 1999-2000 and FY 2000-2001, so the Controller has not estimated costs for these last two years of the MOU. A copy of the Controller's cost estimate is shown in the Attachment to this report. The Budget Analyst concurs with this cost estimate.

The Controller's Office advises that the funding source for this \$451,736 in additional FY 1997-98 costs has been included in the Airport's FY 1997-98 budget as recommended by the Finance Committee to the Board of Supervisors.

- Recommendations:**
1. Amend the proposed ordinance to provide retroactive authorization.
  2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

Airport Police Merger  
 Police Officers' Association MOU Amendment <sup>1</sup>  
 Estimated Costs 1997-98 through 1998-99  
 Controller's Office

<u>Annual Incremental Costs/(Savings)</u>	<u>FY1997-98</u>	<u>FY 1998-99</u>
<b>Wage Increases</b>		
2% on 7/1/97 and 1.5% on 1/1/98	\$233,078	
2% on 7/1/98 and 1.5% on 1/1/99		\$307,116
<b>P.O.S.T Premiums<sup>2</sup></b>		
Intermediate Certificate	20,532	3,338
Advanced Certificate	125,308	21,235
<b>Related Fringe Benefits</b>	34,557	30,250
<b>Overtime Cost</b>	7,700	0
<b>"Wellness" Program <sup>3</sup></b>	30,561	0
<b>Total Estimated Incremental Costs</b>	<u>451,736</u>	<u>361,939</u>
<b>Annual Amount Above Current Provisions</b>	451,736	813,675
<b>Cumulative Total Above Current Provisions</b>		<b>\$1,265,412</b>
<b>Incremental Cost % of Salary Base</b>	5.33%	4.12%

Notes

<sup>1</sup> The MOU contains a wage reopener in fiscal years 1999-2000 and 2000-2001. We have not included any cost estimates for these final years of the MOU.

<sup>2</sup> Amounts are based on the approximately 77% of Airport Police members who currently hold P.O.S.T. certifications. As additional members gain certification, costs will increase.

<sup>3</sup> Assuming that 50% of eligible officers cash out 50 hours annually.



Item 6 - File 25-97-11

1. The attached reports of the Controller pertain to the proposed resolution concurring with the Controller's certification that Budget Analyst services can be practically performed by private contractor for a lower cost than similar work performed by City employees.

2. To continue full implementation of the Board's Minority Business Enterprise (MBE), Women Business Enterprise (WBE) ordinance, the Budget Analyst services are provided under a Joint Venture Agreement between the Board of Supervisors and Stanton W. Jones and Associates (MBE)/Debra A. Newman (WBE)/Rodriguez, Perez, Delgado & Company Certified Public Accountants (MBE)/Harvey M. Rose Accountancy Corporation Certified Public Accountants/Mah & Louie Certified Public Accountants (MBE). The MBE and WBE firms are registered with the Human Rights Commission. In accordance with the Board of Supervisors previously approved MBE/WBE Department Action Plan, 40 percent of the funding to provide Budget Analyst services under this contract is allocated to the four above-named MBE/WBE firms.

3. Mr. Brian Cheu of the Human Rights Commission has advised the Budget Analyst that all five firms of the Joint Venture are in compliance with the Equal Benefits Ordinance as contained in Administrative Code Section 12B.



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington  
Controller

John W. Ma  
Chief Assistant Controller

June 10, 1997

Honorable Board of Supervisors  
Veteran's Building  
401 Van Ness Avenue, Room 410  
San Francisco, CA 94102

Attention: John Taylor,  
Clerk of the Board

RE: Budget Analyst Services - FY 1997/98

Dear Mr. Taylor:

The cost information and supplementary data provided by your office on the proposed contract for budget analyst services for the Board of Supervisors has been reviewed by my staff.

If these services are provided at the proposed contract price, it appears they can be performed at a lower cost than if the work were performed by City employees at current salary and benefit levels. A statement of projected cost and estimated savings for Fiscal Year 1997-98 is attached for your review.

The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed by private contract" have been satisfied. To complete the Charter requirements, it will be necessary for your department to secure approval of a resolution by the Board of Supervisors before entering into the private contractual arrangement.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ed Harrington', with a stylized flourish at the end.

Edward Harrington,  
Controller

Enclosure

cc: Geoff Rothman, Employee Relations Division  
Harvey Rose, Budget Analyst - Board of Supervisors



BOARD OF SUPERVISORS  
BUDGET ANALYST SERVICES - FY 1997-98 (1)  
COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES

ESTIMATED CITY COSTS:

Projected Personnel Costs	Class	Positions	BW Rate		Low	High
Budget Director (2)	1831	1.00	3,627	4,394	97,031	114,683
Assistant Budget Director	1892	1.00	2,815	3,406	75,308	88,897
Chief Associate Budget Analyst	A289	3.00	2,763	3,343	221,751	261,757
Principal Associate Budget Analyst	A245	2.00	2,609	3,158	139,595	164,848
Senior Associate Budget Analyst	1828	1.00	2,393	2,896	64,019	75,586
Associate Budget Analyst	1826	8.00	2,029	2,451	434,247	511,769
Confidential Secretary	1520	1.00	1,847	2,245	49,412	58,595
Secretary II	1446	1.00	1,319	1,598	35,273	41,695
Premium Pay					1,158	1,158
Overtime (3)					3,000	3,547
Total Salaries		18.00			1,120,794	1,322,533
Fringe Benefits						
Variable Fringes (4)					171,706	202,612
Fixed Fringes (5)					77,113	77,113
Total Fringe Benefits					248,818	279,725
Operating Costs					74,686	74,686
ESTIMATED TOTAL CITY COST					1,444,298	1,676,944
ESTIMATED CONTRACT COST					1,417,552	1,417,552
Current Contract Amount		1,375,596				
Estimated Compensation Adjustment (6)		41,956				
ESTIMATED DIFFERENCE					26,747	259,392

Comments/Assumptions:

1. These services have been contracted out since 1979.
2. While the projected salary of this class exceeds the Clerk of the Board, it has been calculated based upon a methodology which has been applied since the time of the initial contract.
3. The estimated contract costs assumes the base year level of services at 18 FTE without the overtime addition for MOU analysis.
4. Variable fringe benefits also include retirement pickup.
5. Fixed fringe benefits consist of health and dental rates plus an estimate of dependent coverage.
6. The current contract for budget analyst services includes a provision that the contract will be adjusted "based on the average annual percentage increase in total compensation granted through Salary Standardization or Collective Bargaining ... to miscellaneous employees of the City performing work similar to that provided by the Budget Analyst." The estimate for this provision is 3.05% based upon the salary and benefits increase for Local 21.

**CHARTER 10.104 (PROPOSITION J) QUESTIONNAIRE**

DEPARTMENT: Board of Supervisors

CONTRACT SERVICES: Budget Analyst

CONTRACT PERIOD: July 1, 1997 through June 30, 1998

- (1) Who performed activity/service prior to contracting out?

Bureau of the Budget

- (2) Number of City employees laid off as a result of contracting out?

None

- (3) Explain disposition of employees if they were not laid off?

Two were transferred to Other City Departments; balance resigned in order to be hired by the Contractor.

- (4) What percentage of City employee's time is spent on services to be contracted out? All Bureau of the Budget positions were full-time

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

18 years, since January 1, 1979.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

FY 1978-79

Yes

- (7) How will contract services meet the goals of your MBE/WBE Action Plan?

Contract services are consistent with the Board of Supervisors Department MBE/WBE Action Plan.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees?

No.

Yes, the Contractor does provide Health Insurance for its employees.

Department Representative: John Taylor

Telephone Number: 554-5184

Item 7 and 8 File 60-97-4 and 60-97-5

**Department:** Public Utilities Commission (PUC)

**Item:** **Item 7, File 60-97-4:** Resolution calling and providing for a Special Revenue Bond Election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for issuing Water Revenue Bonds pursuant to Section 9.107 of the Charter in the principal amount of \$157,000,000 to provide funds for the purpose of acquiring, constructing and financing structural reliability and seismic safety additions and improvements pertaining to the City's drinking water collection, treatment and distribution system, and consolidating said Special Revenue Bond Election with the General Municipal Election to be held of November 4, 1997.

**Item 8, File 60-97-5:** Resolution calling and providing for a Special Revenue Bond Election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 4, 1997, a proposition for issuing Water Revenue Bonds pursuant to Section 9.107 of the Charter in the principal amount of \$147,000,000 to provide funds for the purpose of acquiring, constructing, and financing safe drinking water quality additions and improvements pertaining to the City's drinking water collection, treatment and distribution system; and consolidating said Special Revenue Bond Election with the General Municipal Election to be held on November 4, 1997.

**Amount:** \$157,000,000 for structural reliability and seismic safety construction; and

\$147,000,000 for safe drinking water quality improvements

**Description:** The proposed resolutions would authorize the placement of two Water Revenue Bond measures on the November 4, 1997 ballot requesting voter approval for the City to issue up to a total of \$304,000,000 in Water Revenue Bonds to finance projects that are part of the PUC's 1997 Ten-Year Comprehensive Capital Improvement Plan, which totals \$2.36 billion.

The projects to be financed by these Water Revenue Bonds, totaling \$304,000,000 are part the PUC's newly established \$2.36 billion 1997 Ten-Year Comprehensive Capital

Improvement Plan and represent approximately 12.9 percent of the total cost of completing this Plan.

**Budget:**

Attachment I, provided by Mr. Steven Carmichael, Finance Director for the Public Utilities Commission, describes each project and the cost of each project to be financed with the proposed Water Revenue Bonds totaling \$304,000,000. Mr. Carmichael states that approximately \$55,000,000 of the \$304,000,000 would be used to fund mandates imposed by the Water Quality Division of the State Department of Health Services and projects designed to improve water quality data collection measures, as mandated by the Federal Environmental Protection Agency. Attachment I also provides the PUC's budget summaries for the Safe Drinking Water and Water System Reliability and Seismic Safety Bonds. These summaries, on Tables 1 through 4, list the projects to be funded, the cost of the various project elements, and the Sources and Uses of Project Funds.

**Comments:**

1. These proposed resolutions require a three-fourths approval of the Board of Supervisors. Authorization of the bonds requires a majority vote of the electorate.

2. According to Mr. Carmichael, the PUC anticipates that there would be three bond issuances, totaling up to \$304 million, that would average approximately \$101 million each. The proposed resolution states that the rate of interest on the proposed Water Revenue Bonds shall not exceed 12 percent. Based on the estimated current interest rate of 6.4 percent for the Water Revenue Bonds that would be sold by the City for projects such as those detailed in Attachment I, the estimated average annual debt service requirement for a principal amount of \$101 million has been projected to be \$7,849,693 for a total of approximately \$235,490,790 in principal and interest payments over a 30 year term. Based on an estimated average interest rate of 6.4 percent, the total principal and interest payments for the entire \$304 million proposed bond measures over a 30 year term is estimated at \$708,794,140. Average annual debt service would therefore equal \$23,626,471 for 30 years.

Mr. Carmichael advises that the FY 1997-98 projected revenues, generated from water rates and other sources, would not be sufficient to meet both the anticipated debt service requirements associated with the proposed issuance of these Water Revenue Bonds and current Water Department operating expenses. As such, Mr. Carmichael anticipates annual increases in retail water rates of approximately 7.5 percent, for each year, for each retail



customer within the City, over the next four years. The impact on wholesale rates charged to the Water Department's suburban wholesale customers cannot be estimated until a future determination is made concerning the increased cost of providing service to such wholesale customers resulting from the capital improvement projects funded by the proposed bond issuance.

Page 1 of Attachment II details the projected water rates, shown as projected monthly charges for typical retail customers. Page 2 of Attachment II details revenues, generated from the sale of water to both City and suburban wholesale and retail customers, rental of property, and other sources.

Mr. Carmichael states that a Draft Financial Master Plan, outlining financing options for the 1996 Draft Capital Improvement Plan totaling \$1.9 billion, was developed in 1996. The 1996 Draft Financial Master Plan estimated a need for annual water rate increases of 9.9 percent over the ten-year projection period, to implement the entire 1996 Draft Capital Improvement Plan. The subject proposed \$304 million in Water Revenue Bonds constitute the first phase of the 1997 Capital Improvement Plan. According to Mr. Carmichael, the 10-year projection on water rates and revenues, previously provided to the Board of Supervisors in May 1996, is no longer current. Mr. Carmichael states that the parameters of the projects to be funded with these proposed bonds, and the scheduling of such projects has changed, resulting in lower overall capital costs for this first phase of the 1997 Capital Improvement Plan.

The current estimates on water rate increases are 7.5 percent each year from Fiscal Year 1998-99 through Fiscal Year 2001-02. However, the 1996 Draft Financial Master Plan has not been updated to reflect the change in projected water rates from 9.9 percent to 7.5 percent for the first four years of the projection period. Mr. Carmichael has provided a letter to that affect, which has been included in this report as Attachment III. Mr. Carmichael advises that later phases of implementation of the 1997 Capital Improvement Plan may require additional water rate increases, higher than 7.5 percent, after Fiscal Year 2001-02.

3. As stated in the proposed resolution, these proposed Water Revenue Bonds are payable exclusively from the revenues generated by water rates charged to retail and wholesale water customers.

4. If the proposed Water Revenue Bonds are approved by the electorate, none of the proposed Water Revenue Bond proceeds can be expended until separate, subsequent appropriation approval is obtained from the Board of Supervisors.

**Recommendation:** Approval of these proposed resolutions calling for a Special Election to issue up to \$157,000,000 for structural reliability and seismic safety additions, and up to \$147,000,000 for safe drinking water quality additions, in Water Revenue Bonds, is a policy matter for the Board of Supervisors.



## II. 1997 SAFE DRINKING WATER BONDS

The quality of San Francisco's water is one of its most desirable and important characteristics. It currently meets or exceeds federal and state drinking water standards and is among the purest in California. It is the source of drinking water for more than 2.3 million customers in the Bay Area. In addition, major Bay Area industries, including Silicon Valley, rely on its purity in their manufacturing processes, as do bottlers and other businesses.

Because of the extraordinarily high quality of the system's primary water source, Hetch Hetchy Reservoir, the United States Environmental Protection Agency (EPA) granted an exemption from filtering Hetch Hetchy water. Instead, the Hetch Hetchy supply meets stringent drinking water quality standards with source protection, limited treatment, and disinfection. The system's other local water sources, including reservoirs in Alameda and San Mateo counties, are also of high quality, but require additional treatment at the system's two water filtration plants before they are added to the water supply transmission and distribution system.

While San Francisco's water is currently treated and disinfected to comply with federal and state drinking water standards, the regulatory horizon is changing with respect to water quality standards. The Disinfectant/Disinfection Byproduct Rule, which is scheduled to be final in November 1998, will make the standards more stringent for chemicals that are created as byproducts of the water disinfection process.

Additionally, EPA finalized the Information Collection Rule (ICR) on May 1, 1996. This rule requires the collection of water quality data for water systems across the country for use in setting risk-based regulations. One parameter of concern is *Cryptosporidium*, a waterborne parasite that causes flu-like symptoms once ingested. In immuno-compromised people (those with AIDS or undergoing chemotherapy) as well as the very young and the elderly, the ingestion of *Cryptosporidium* can be life threatening. Based on the results of the ICR, *Cryptosporidium* may be regulated in public water systems. Even in the absence of regulatory requirements, San

Francisco has determined that it is appropriate to inactivate *Cryptosporidium* to provide the greatest assurance of water quality to its customers.

Finally, demands on the water treatment plants have exposed limitations in their ability to consistently meet water quality standards. In March 1995, the Sunol Valley Water Treatment Plant experienced a treatment failure and delivered water that did not meet drinking water standards. Consequently, the California Department of Health Services (DHS) issued an order in February, 1996, requiring improvements at the plant to consistently meet existing water quality standards at full capacity.

One group of projects included in the Capital Improvement Program pertains to needed water quality improvements in response to the regulatory changes noted above. The following three projects have been selected for inclusion in the 1997 Safe Drinking Water Bonds:

- Hetch Hetchy Water Treatment Improvement Project;
- Sunol Valley Water Treatment Plant Interim Improvements; and
- Harry Tracy Water Treatment Plant Improvements.

Each of these projects is summarized below, along with a discussion of how the project addresses water quality concerns. More detailed project descriptions, including costs and schedules, are included in Appendix A; in many cases, there are additional reports and materials available on individual projects. The final design of each project may change as plans and specifications are developed.

#### *Hetch Hetchy Water Treatment Improvement Project*

In order to comply with impending drinking water regulations to minimize harmful disinfection byproducts (DBPs), the method of disinfecting the Hetch Hetchy water supply must be changed from chlorination to chloramination. In addition, increased control of pathogens such as *Cryptosporidium* and *Giardia* is desirable to provide greater protection of public health, particularly for those with weak immune systems, including the very young and old, people with immune deficiency and people undergoing chemotherapy.

The Hetch Hetchy Water Treatment Improvement Project includes the conversion of the system disinfectant from chlorine to chloramines (chlorine plus ammonia) to reduce DBP levels in the water supply to comply with Stage 1 of the DBP Rule. This will require construction of facilities to admit ammonia to the water system in conjunction with chlorine. In addition, facilities must be added to remove chloramines where drinking water may be discharged to the environment, such as the Crystal Springs Reservoir.

This project also includes the design for ozone treatment of the Hetch Hetchy water supply to achieve *Cryptosporidium* inactivation. Ozone disinfection represents state-of-the-art water treatment technology. The facilities needed to provide ozone treatment include ozone generators and contactors. While ozone represents the most effective disinfection agent, it must be used in conjunction with a residual disinfectant like chloramines to prevent bacterial regrowth

in the water system. Therefore, ozone treatment will be combined with chloramination for the most effective disinfection of the water supply.

#### *Sunol Valley Water Treatment Plant Interim Improvements*

The Sunol Valley Water Treatment Plant (SVWTP) is the principal treatment facility for the water supplies located in Alameda County -- Calaveras and San Antonio Reservoirs -- and for emergency treatment of the Hetch Hetchy supply on the rare occasions when its quality is substandard. The SVWTP Interim Improvements are required in order for the treatment plant to consistently meet current and future water quality standards at full capacity, and are mandated by the DHS compliance order issued in February, 1996. The SVWTP also requires further improvements to ensure that DBP levels in the water are in compliance with the impending DBP Rule.

The SVWTP project includes refurbishing filters, reconstructing settling basins, adding chemical feed systems, and other plant upgrades. This project will also develop the design for long-term improvements to expand the treatment capacity of the SVWTP from 160 million gallons per day to 240 million gallons per day, and to add ozone disinfection and a new treated water reservoir.

#### *Harry Tracy Water Treatment Plant Improvements*

The Harry Tracy Water Treatment Plant (HTWTP) treats water from the Crystal Springs and San Andreas Reservoirs located in San Mateo County. The plant typically operates at 40 million gallons per day. However, during disruptions to the Hetch Hetchy supply, the plant must operate at its full capacity of 160 million gallons per day for extended periods. The HTWTP Improvements are needed to ensure that the plant consistently meets current and anticipated water quality standards at its design capacity of 160 million gallons per day.

The project includes a thorough analysis of the plant's performance to identify unit processes which limit the plant's capability to operate at full capacity for extended periods while continuing to meet water quality standards. Once identified, these improvements will be implemented, along with a filter-to-waste system and solids handling facilities to better remove solids from the water system and further improve water quality.

### **III. 1997 WATER SYSTEM RELIABILITY AND SEISMIC SAFETY BONDS**

Because of its age, size, and location, San Francisco's water system is susceptible to failure due to its deteriorating condition or to catastrophic events such as an earthquake. As water travels from the Sierra Nevada to the Bay Area, transmission tunnels and pipelines cross three major seismically active faults and the San Francisco Bay before reaching the city. Many of the transmission lines were built in the 1920s and 1930s and have seriously deteriorated from exposure, corrosion, seismic events, and the wear and tear of continuous use. Several segments of the transmission system consist of a single conveyance (a pipe or tunnel) with no back-up capability in the event of failure.

Within San Francisco, the distribution system is even older, with many portions dating back to the 1850s, when the Spring Valley Water Company first developed local storage reservoirs and installed distribution lines. The old water mains are made of cast iron, which becomes brittle with age and subject to failure. Treated water reservoir roofs were not designed to withstand a major seismic event. Pump stations have exceeded their useful life, lack standby power, and are not automated to allow for remote monitoring and control.

The water system was designed and constructed prior to the development of many of today's instrumentation techniques. Thus, the system is largely monitored and controlled manually. In February, 1996, the California Department of Health Services ordered the Public Utilities Commission to develop and implement a remote monitoring and control system for the water system.

The Public Utilities Commission is currently conducting a comprehensive vulnerability study to quantify the risks and consequences of system failures and recommend solutions to those problems. The first phase of the study has already identified a number of short-range projects that can be undertaken immediately to reduce the risk of failure and improve the reliability of the water transmission and distribution system. The projects selected for inclusion in the 1997 Water System Reliability and Seismic Safety Bonds fall into the following six categories:

- Bay Division Pipeline improvements;
- Prestressed concrete cylinder pipe replacement;
- Treated water reservoir improvements;
- Pump station improvements;
- City distribution system improvements (mains, valves, meters); and
- Supervisory control and data acquisition (SCADA) system installation.

There are a number of discrete projects within each of these six categories, as described in the Capital Improvement Program. Individual projects will be selected based on the severity of the problem, the readiness of the project to proceed, and the availability of funding. Each project category is described below, with more detailed information on project costs and schedules contained in Appendix B.

#### *Bay Division Pipeline Improvements*

Four pipelines, varying in diameter from 5 to 7.5 feet, carry water from the Irvington Tunnel in the East Bay to the Peninsula; these pipelines are known as the Bay Division Pipelines. All four pipelines cross the Hayward Fault and are readily susceptible to failure in a major earthquake. Pipeline Nos. 1 and 2 cross the San Francisco Bay just south of the Dumbarton Bridge while Pipeline Nos. 3 and 4 circle the southern end of the Bay. Pipeline Nos. 1 and 2 are over 60 years old and are subject to more environmental stress than Nos. 3 and 4 because they run above ground for some distance through salt marsh, before passing under San Francisco Bay to reemerge on an old pipe bridge on the west side of the Bay. The timber trestles that support Pipeline Nos. 1 and 2 over the salt marsh have deteriorated and are on the verge of collapsing.



Only some of the trestles have been replaced. The pipe bridge is also old and deteriorating. In addition, while inspections of Pipeline Nos. 1 and 2 after the 1989 Loma Prieta earthquake did not identify a risk of immediate failure, they did indicate a need for a more detailed assessment and analysis of the entire length of the Bay Division Pipelines.

The specific projects that will be undertaken to improve the Bay Division Pipelines include:

- Replacing the remaining timber trestles supporting Pipeline Nos. 1 and 2 through the salt marsh;
- Recoating Pipeline Nos. 1 and 2 in the vicinity of the Irvington Pump Station where the pipes are exposed to the atmosphere; and
- Cleaning and making some repairs to the pipe bridge, plus a detailed inspection of the superstructure.

In addition to these repairs, the project will also examine the earthquake risk where all four pipelines cross the Hayward Fault and along the entire length of Pipeline Nos. 1 and 2. This evaluation will provide the basis for defining additional future capital improvement projects to secure the Bay Division Pipelines.

#### *Prestressed Concrete Cylinder Pipe Replacement*

The water system includes more than 345 miles of transmission pipelines located outside San Francisco. These pipelines range in diameter from 5 to 8 feet, and carry water across the San Joaquin Valley, through the Coast Range and across the Sunol Valley, across San Francisco Bay, and up the Peninsula. Approximately 30 miles of these transmission pipelines were constructed of prestressed concrete cylinder pipe (PCCP) between 1967 and 1987, primarily on the Peninsula. While considered state-of-the-art at the time, PCCP has proven to be susceptible to catastrophic failure, and the Public Utilities Commission ceased using PCCP.

Since 1990, there have been two PCCP failures. The first occurred on a 5 foot diameter pipeline in South San Francisco, which caused erosion and damage to an adjacent irrigation system and damaged several automobiles. The entire 6.5 miles of PCCP in the surrounding area was investigated and found to be suspect, and is undergoing repair. The second failure occurred in a 6.5 foot diameter pipe located in eastern San Joaquin County in open farmland, causing erosion and roadway damage. The failed section of the pipeline was repaired and returned to service.

Investigations with other water agencies revealed that they are also experiencing similar problems with this type of pipe. The Public Utilities Commission has recovered damages from the pipe manufacturer. Nevertheless, complete retrofit or replacement of the 30 miles of PCCP will be required in the near future.

This project will review existing information on the condition of all 30 miles of PCCP to determine the priority for repair or replacement of pipe sections. This review will also determine whether sections can be repaired by inserting a structural liner inside the existing pipe (sliplining), or whether the section needs to be entirely replaced because of excessive grade or alignment changes. The project will then address the highest priority pipe sections, with an estimated 10 miles (or one third) of existing PCCP either repaired or replaced.

### *Treated Water Reservoir Improvements*

There are 12 treated water reservoirs located throughout San Francisco which can hold, at maximum capacity, approximately 404 million gallons of water (see Figure 2). The reservoirs provide temporary storage and also feed the various distribution systems to every part of the city. Because the water in these reservoirs is ready for potable use (i.e., drinking water), the reservoirs must be covered and secured from intrusion in order to avoid contamination.

The reservoir roof structures vary in age from 35 years to more than 130 years. When these structures were built, seismic loading (i.e., the ability to withstand an earthquake) was not a common design criterion. As a result, seismic strengthening and other work is required for at least 10 of the 12 reservoirs. In addition, many of the reservoirs have a single inlet and outlet pipe or inlet and outlet piping in close proximity to each other. This design, which allows for only one direction of flow at a time, limits the ability to move water in and out of the reservoirs and may affect the quality of the stored water.

This project will provide for seismic upgrading and other repair of 2 to 3 reservoir roofs, with the most critical needs addressed first. The project will also provide for repairs and improvements to reservoir inlet and outlet piping at all reservoirs where correction is needed to assure adequate mixing of the water supply and to enhance operations.

### *Pump Station Improvements*

The water distribution system relies on 10 pump stations within the city to pump water to reservoirs and to higher elevations. These pump stations were built between 1914 and 1956 and are now between 40 and 80 years old. Many components are so old that replacement parts are no longer available. Continuous operation of the pump stations is critical to assuring delivery of water to all parts of the city.

This project will upgrade and modernize pump stations to increase their reliability and operational efficiency. The pump stations will be seismically strengthened. Switchgear, electrical systems, pumps and other items will be upgraded or replaced. In addition, diesel generators will be installed, which will provide a source of backup power in the event of a power disruption in the city. This project will address approximately half of the projected pump station improvements currently identified in the Capital Improvement Program.



*City Distribution System Improvements (Mains, Valves, Meters)*

Water delivery in San Francisco is accomplished through an intricate network of more than 1,200 miles of water mains, many of which are made of cast iron and are more than 100 years old. These old mains are brittle and incrustated with iron oxide. They are prone to breaking, may rupture during a seismic event, leach residuals into the water supply, and reduce water pressure and flow levels. During the Loma Prieta earthquake, more than 100 water main breaks occurred throughout the city.

The Public Utilities Commission has an on-going program to replace approximately 8 miles of water mains per year, which translates into a 150-year replacement cycle. A portion of this project will be directed to continue replacing water mains at that rate. This project will also repair or replace the mortar lining of large-diameter steel feeder mains, which will reduce friction and increase the carrying capacity of those lines and reduce corrosion.

The city's water mains are controlled by more than 15,500 gate valves and provide water service to customers through approximately 175,000 meters, ranging in size from 5/8 inches to 16 inches. These valves and meters must be routinely checked and repaired or replaced. Many pressure-reducing valves and some critical gate valves are located in areas which have become inaccessible, inhibiting operations, especially in an emergency situation. This project will provide for relocation of valves, additional inspection and repair or replacement of valves and meters, and automation to allow for remote operation.

*Supervisory Control and Data Acquisition (SCADA) System Installation*

Much of the water system is still manually monitored and operated. Personnel are dispatched to measure reservoir levels, take samples, open or close valves, and perform other routine functions. There are more than 4,500 monitoring and control points distributed across 300 sites in the entire water system. Advances in technology have rendered the existing isolated telemetering systems obsolete. A system-wide review was used to produce a plan for a Supervisory Control and Data Acquisition (SCADA) system to allow for remote monitoring and operation of critical components of the water system. SCADA is a standard feature of modern water systems, providing more timely and accurate information and more efficient operations. The State Department of Health Services has issued a compliance order requiring the installation of a SCADA system to ensure effective monitoring and control of the San Francisco water system.

The current design of the SCADA system will cover 1,600 points at 84 sites and will provide for system-wide monitoring and, to a lesser degree, control. This project will complete the installation of the SCADA system as currently designed, and will provide the basis for a more expanded control system in the future.

TABLE 1  
1997 SAFE DRINKING WATER BONDS  
BUDGET SUMMARY  
(Millions of Dollars)

Project Name	Planning & Env. Review	Design	Constr- uction	Contin- gency	Total
Hetch Hetchy Water Treatment Improvement	\$1.4	\$8.7	\$34.4	\$5.5	\$50.0
Sunol Valley Water Treatment Plant Interim Improvements	\$1.7	\$15.9	\$32.3	\$4.1	\$54.0
Harry Tracy Water Treatment Plant Improvements	<u>\$0.4</u>	<u>\$2.2</u>	<u>\$24.3</u>	<u>\$3.1</u>	<u>\$30.0</u>
Total	\$3.5	\$26.8	\$91.0	\$12.7	\$134.0

TABLE 3  
1997 SAFE DRINKING WATER BONDS  
SOURCES AND USES OF FUNDS

Sources of Project Funds:

Bond Proceeds	<u>\$147,000,000</u>
Total Sources	\$147,000,000

Uses of Project Funds:

Project Costs	\$134,000,000
Reserve Fund	11,645,515
Underwriters Discount	1,029,000
Costs of Issuance	325,000
Other (rounding)	<u>485</u>
Total Uses	\$147,000,000

TABLE 2

## 1997 WATER SYSTEM RELIABILITY AND SEISMIC SAFETY BONDS

## BUDGET SUMMARY

(Millions of Dollars)

Project Name	Planning & Env. Review	Design	Constr- uction	Contin- gency	Total
Bay Division Pipeline Improvements	\$0.3	\$2.0	\$7.3	\$0.4	\$10.0
Prestressed Concrete Cylinder Pipe Replacement	\$0.2	\$2.8	\$22.2	\$2.8	\$28.0
Treated Water Reservoir Improvements	\$0.2	\$2.5	\$24.7	\$2.6	\$30.0
Pump Station Improvements	\$0.2	\$2.2	\$15.6	\$2.0	\$20.0
City Distribution System Improvements	\$0.0	\$2.0	\$35.7	\$2.3	\$40.0
SCADA System Installation	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$13.0</u>	<u>\$2.0</u>	<u>\$15.0</u>
Total	\$0.9	\$11.5	\$118.5	\$12.1	\$143.0

TABLE 4

## 1997 WATER SYSTEM RELIABILITY AND SEISMIC SAFETY BONDS

## SOURCES AND USES OF FUNDS

## Sources of Project Funds:

Bond Proceeds	<u>\$157,000,000</u>
Total Sources	\$157,000,000

## Uses of Project Funds:

Project Costs	\$143,000,000
Reserve Fund	12,437,115
Underwriters Discount	1,234,020
Costs of Issuance	325,000
Other (rounding)	<u>3,865</u>
Total Uses	\$157,000,000

**Projected Average Monthly Charges for Typical Retail Water Customers  
Based on Estimated Revenue Requirements Including Increased Debt  
Service for New \$304 Million in Water Revenue Bonds**

	Units * Per Month	Current Charges 1997-98	Projected Monthly Charges			
			1998-99	1999-00	200-01	2001-02
Average Single-Family	7	\$12.22	\$13.14	\$14.12	\$15.18	\$16.32
12 Unit Apartment	29	50.34	54.12	58.17	62.54	67.23
Large Apartment	307	487.22	523.76	563.04	605.27	650.67
Apartment Complex	2,224	3003.44	3,228.70	3,470.85	3,731.16	4,011.00
Residential Hotel	517	701.52	754.13	810.69	871.50	936.86
Restaurant	378	501.48	539.09	579.52	622.99	669.71
Large Office Building	575	824.9	886.77	953.28	1,024.77	1,101.63
Department Store	1,286	1,720.76	1,849.82	1,988.55	2,137.69	2,298.02
Hospital	2,264	3,053.84	3,282.88	3,529.09	3,793.78	4,078.31

\* One unit equals 748 gallons.



**SAN FRANCISCO WATER DEPARTMENT  
REVENUE REQUIREMENT  
FISCAL YEARS ENDING JUNE 30  
(\$000)**

	<b>Rate Increase</b>				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Beginning Balance</b>	14,460	7,386	2,441	1,529	2,396
<b>Revenues</b>					
Retail at Existing Rates					
FY 1997-98 Adjustment	63,875	64,514	65,158	65,811	66,468
FY 1998-99 Adjustment	-	-	-	-	-
FY 1999-00 Adjustment	7,50%	4,839	4,887	4,936	4,985
FY 2000-01 Adjustment	7,50%		5,253	5,306	5,359
FY 2001-02 Adjustment	7,50%			5,704	5,761
Total Adjusted Retail	63,875	69,353	75,298	81,757	88,766
<b>Resale*</b>	58,941	64,389	72,369	79,076	85,331
<b>Other Revenues</b>	12,751	12,879	13,007	13,137	13,269
<b>Total Revenues</b>	135,567	146,620	160,675	173,970	187,366
<b>Expenditures</b>					
Operation and Maintenance	107,527	110,753	114,076	117,498	121,023
Debt Service on Existing Bonds	20,726	18,912	20,073	20,063	20,049
Debt Service on Proposed Bonds	-	4,467	9,572	17,230	22,973
Commercial Paper Program	375	3,000	3,000	3,000	-
Routine Capital	14,013	14,433	14,866	15,312	15,771
<b>Total Expenditures</b>	142,641	151,565	161,587	173,103	179,816
<b>Net Revenues</b>	(7,074)	(4,945)	(912)	867	7,550
<b>Ending Balance</b>	7,386	2,441	1,529	2,396	9,945
<b>Debt Service Coverage Ratio</b>	1.35	1.53	1.57	1.51	1.54

\*Revenues from suburban resale set equal to suburban revenue requirement



**PUBLIC UTILITIES COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR.**  
MAYOR

**ANSON B. MORAN**  
GENERAL MANAGER

Attachment III

**HETCH HETCHY  
WATER AND POWER**

**SAN FRANCISCO  
WATER DEPARTMENT**

**SAN FRANCISCO  
CLEAN WATER PROGRAM**

**I N T E R  
O F F I C E**

**MEMO**

**Date:** July 8, 1997  
**To:** Harvey Rose, Budget Analyst  
**From:** Steven Carmichael, Asst. General Manager *Steven Carmichael*  
**Subject:** PUBLIC UTILITIES COMMISSION BOARD MEASURES

In December 1996, the PUC submitted a draft 10-year Financial Master Plan (FMP) outlining financing options for our draft \$2 Billion Capital Improvement Plan (CIP). At that time, staff was projecting the spending of \$2 Billion on infrastructure improvements in the next ten years. At that level of spending, the FMP reflected the need for 9.9% rate increases every year to finance the capital improvements.

Presently, the CIP has been updated to show the level of spending in the early years has decreased allowing for smaller rate increases of 7.5%. Due to the short notice of less than one month to successfully get the two bond measures on the ballot, the 10-year FMP has not been revised to reflect the changes in spending.

If you have any further questions, please contact me at (415) 487-5256.

Budget Analyst Note: The final CIP is valued at \$2.36 billion.

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TOTAL P.02

Item 9 - File 64-97-7

**Department:** Department of Public Health (DPH)  
Real Estate Department

**Item:** Resolution authorizing a new lease of real property at 680 Eighth Street for the Department of Public Health.

**Location:** Suites 200, 205, 210, and 230 on the second floor of the building located at 680 Eighth Street

**Lessor:** Sobel Building Development Partners

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** 10,050 square feet at approximately \$1.45 per square foot per month, for a total of \$14,606 per month, which shall remain unchanged through the 14-month term of the lease.

**Annual Cost:** \$175,272

**Increase Over Prior Lease:** The monthly rent on the two leases which expired on March 31, 1997 was \$12,354, or \$148,248 annually. The proposed monthly rent of \$14,606, or \$175,272 annually, represents an increase of \$27,024 annually, or 18.2 percent.

**Term of Lease:** April 1, 1997 to May 31, 1998 (14 months)

**Utilities and Janitorial Services:** Landlord is responsible for all utilities and janitorial services.

**Right of Renewal:** Not applicable (see Comment No. 2).

**Source of Funds:** Department of Public Health FY 1997-98 Budget

**Description:** In 1992, the Department of Public Health's (DPH) Children's Health Disability Prevention Program leased space at 680 Eighth Street, entering into a five-year lease for Suite 200, a 4,500 square feet space, at a monthly cost of \$6,564 which began on April 1, 1992 and ended on March 31, 1997. In 1995, the Family Planning, Nutrition/Women, Infants, and Children (WIC), and Perinatal Programs also leased space at 680 Eighth Street, entering into a 16-month lease for Suites 205, 228, and 230 totaling 4,100 square feet, at a monthly cost of \$5,790 which began on December 1, 1995 and ended

on March 31, 1997. Therefore, the total space leased by DPH at 680 Eighth Street was 8,600 square feet at a total monthly cost of \$12,354. These four DPH offices administer the City's public health programs which help ensure that the City's low-income and Medi-Cal children and women have access to health care.

The proposed resolution would authorize the Department of Public Health to enter into a new lease which combines the two previous leases, both of which expired on March 31, 1997, into a single lease for 10,050 square feet with a new term of 14 months from April 1, 1997 to May 31, 1998 at a monthly cost of \$14,606. According to Ms. Mildred Crear of the Department of Public Health, the four DPH programs located at 680 Eighth Street plan to relocate and join other City departments located at 1890 Bryant Street upon termination of the proposed lease on May 31, 1998. According to Mr. Steve Hoppe of the Real Estate Department, the 1890 Bryant Street location is currently a vacant building but will be leased facility with office space at rental rates that will be lower than the subject 680 Eighth Street site. The reason that the four subject DPH programs are not leaving the subject 680 Eighth Street facility instead of taking advantage of the lower rates at the 1890 Bryant Street facility at this time is because the 1890 Bryant Street facility is still undergoing major renovations to accommodate the relocation of various City departments into the 1890 Bryant Street facility next year.

**Comments:**

1. According to Mr. Hoppe, the monthly lease rate of \$1.45 per square foot is approximately the same rate as the average lease rate for the two previous leases. However, the monthly cost of \$14,606 under the proposed lease represents an increase of \$2,252 from the total monthly cost of \$12,354 from the two leases which expired on March 31, 1997. This increase in the monthly cost is due to moving the programs located in Suite 228 to Suite 210 resulting in an increase of 1,450 square feet in the amount of office space leased from a total of 8,600 square feet from the two leases which expired on March 31, 1997 to 10,050 square feet in the proposed lease. The number of employees under the previous leases was approximately 50 resulting in 172 square feet of space per employee for a total of 8,600 square feet. Under the proposed lease, there would be approximately 60 employees which would result in approximately 168 square feet of space per employee for a total of 10,050 square feet. According to Ms. Crear, the reason for the additional 1,450 square feet of space is because the previous space did not provide adequate space per employee with the additional ten staff members.

2. According to Mr. Hoppe, the reason for having the Department of Public Health enter into a new lease for the suites located at 680 Eighth Street rather than simply renewing the existing two leases is to combine the two leases.

3. Mr. Hoppe advises that DPH has negotiated a temporary agreement with the owners of the 680 Eighth Street building to allow them to move from Suite 228 into the larger Suite 210 while holding over under the previous lease with the understanding that DPH would pay the difference in the rent retroactively upon approval of the proposed lease by the Board of Supervisors. As such, the resolution should be amended to provide for retroactive authorization for the Department of Public Health to lease the property at 680 Eighth Street.

4. According to Mr. Hoppe, the \$1.45 monthly lease rate per square foot represents the fair market value for the subject leased facilities.

- Recommendation:**
1. In accordance with Comment No. 3, amend the resolution to provide for retroactive authorization for the Department of Public Health to lease the property at 680 Eighth Street.
  2. Approve the proposed resolution as amended.





Memo to Finance Committee  
July 16, 1997 Finance Committee Meeting

Item 10 - File 101-94-76.4

**Department:** City Administrator

**Item:** Hearing to consider the release of reserved funds in the amount of \$1,647,514 for capital improvements to the Moscone Center.

**Amount:** \$1,647,514

**Source of Funds:** Previously reserved 1994 Lease Revenue Bond Proceeds and Convention Facilities Fund monies

**Description:** The Board of Supervisors previously approved a supplemental appropriation ordinance of Convention Facilities Fund monies, consisting of bond proceeds and interest earnings from prior San Francisco Redevelopment Agency (SFRA) Lease Revenue Bonds (\$16,416,384), and 1994 Lease Revenue Bond proceeds (\$15,700,965) for a total amount of \$32,117,349 in 1995 to provide funding for (1) debt service on SFRA Lease Revenue Bonds (Series 1994) (Moscone Convention Center); (2) capital improvements to the Moscone Center; and (3) construction of the Children's Center to be located on the roof of Moscone Center South (File 101-94-76). The Board reserved \$22,973,794 of the \$32,117,349 supplemental appropriation pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details.

Of the \$22,973,794 in previously reserved funding, the Budget Committee released \$679,500 in 1995 for the purpose of developing the bid specifications and architectural drawings for the capital improvement projects. The Budget Committee also released \$165,300 in February of 1996 for the purpose of funding capital improvement projects for the Moscone Center, and released \$778,277 in December of 1996 for five capital improvement projects at the Moscone Center. Therefore the remaining sum on reserve of the original \$22,973,794 is \$21,350,717.

This request is to release \$1,647,514 from the remaining reserved amount of \$21,350,717 for the purpose of funding two capital improvement projects at Moscone Center: (1) \$398,000 for restroom facility upgrades to comply with the Americans with Disabilities Act (ADA); and (2) \$1,249,514 for equipment replacement.

**Budget:** The budget for the proposed \$1,647,514 for capital improvement projects at Moscone Center is as follows:

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Restroom Facilities Upgrade (second stage)	
LEM Construction (MBE)	\$ 398,000
Equipment Replacement	<u>1,249,514</u>
Total	\$1,647,514

**Comments:**

1. Mr. Jack Moerschbaeher, Director of Convention Facilities, advises that the Restroom Facilities Upgrade project is the second stage of a project to bring the Moscone Center restrooms into full compliance with the Americans with Disabilities Act.

According to Mr. Moerschbaeher, LEM Construction, Inc. would completely retrofit two sets of restrooms located in Moscone Center North to comply with ADA standards. According to the Department, LEM Construction, Inc. was selected through a competitive bid process for the Restroom Facilities Upgrade project at Moscone Center, previously approved by the Board of Supervisors in December 1996. Mr. Moerschbaeher reports that LEM Construction was the low bidder for the Restroom Facilities Upgrade project at that time. According to Mr. Moerschbaeher, a new competitive bid process was not conducted for this second stage of the Restroom Facilities Upgrade project because it is viewed as an extension of the original project. The contract amount for LEM Construction for the second phase of the project is \$398,000. LEM Construction, Inc. is a MBE firm.

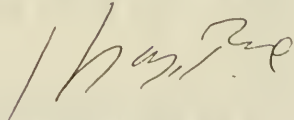
2. According to Mr. Moerschbaeher, LEM Construction, Inc. has not yet been certified by the Human Rights Commission as being in compliance with the provisions of the Equal Benefits Ordinance.

3. Mr. Moerschbaeher reports that if the Restroom Facilities Upgrade project does not proceed, the City would face possible litigation for not complying with ADA standards. According to Mr. Moerschbaeher, the restrooms will be under construction during normal operating hours.

4. The Attachment, prepared by the Department, is a detailed listing of vendor quotes for the requested \$1,249,514 of equipment replacement items.

**Recommendations:** 1. Amend the proposed resolution making approval contingent on Human Rights Commission certification that the subject contractor is in compliance with the Equal Benefits Ordinance as contained in Administrative Code Section 12B.

2. Approve the proposed release of reserved funds as amended.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Steve Agostini  
Stephen Kawa  
Ted Lakey

Capital Projects and Equipment Needs  
REVISED FINAL VERSION

FF&E NEEDS FOR MOSCONE CENTER ONLY							4/28/97
DESCRIPTION	MANUFACTURER	QTY.	UNIT	UNIT COST	TOTAL COST	SALES TAX	GRAND TOTAL
STACKING CHAIRS	KRUEGER	5,000	EA	57.00	285,000.00	24,225.00	309,225.00
CHAIR CARTS - STACKING	VIRCO	58	EA	1,100.00	61,600.00	5,236.00	66,836.00
CHAIR DOLLY - STACKING	VIRCO	18	EA	182.00	2,592.00	220.32	2,812.32
TABLE CARTS - 8' X 18"	VIRCO	55	EA	130.00	8,450.00	718.25	9,168.25
TABLE CARTS - 66" ROUNDS	VIRCO	33	EA	320.00	10,560.00	897.60	11,457.60
TABLE CARTS - 72" ROUNDS	VIRCO	47	EA	328.00	15,040.00	1,278.40	16,318.40
TABLE, CONFERENCE		2	EA	3,000.00	6,000.00	510.00	6,510.00
TABLE, 8' X 18"	CAMELOT WEST	100	EA	80.00	8,000.00	860.00	8,860.00
TABLE, SKIRT 29" H X 12'L	JACK THE RIPPER	200	EA	85.00	17,000.00	1,445.00	18,445.00
RISERS, 6' X 8' X 24"/32"	STAGERIGHT	110	EA	1,500.00	165,000.00	14,025.00	179,025.00
RISER, CLIPS FOR STEP	STAGERIGHT	60	PR	55.02	3,301.20	280.80	3,581.80
RISER, PINS FOR LEG	STAGERIGHT	100	EA	1.35	135.00	11.48	146.48
RISER, CABLE FOR PINS	STAGERIGHT	100	EA	0.60	60.00	5.10	65.10
RISER, SKIRT 24"	STAGERIGHT	140	EA	105.00	14,700.00	1,249.50	15,948.50
RISER, SKIRT 32"	STAGERIGHT	140	EA	110.00	15,400.00	1,309.00	16,709.00
RISER, SKIRT TRANSPORT (CART)	STAGERIGHT	2	EA	427.00	854.00	926.59	926.59
RISER, 3-STEP UNIT	STAGERIGHT	60	EA	298.00	17,880.00	1,519.80	19,399.80
STAGE DECKS - 4' X 8'	STAGERIGHT	26	EA	427.00	11,102.00	943.67	12,045.67
STAGE DECKS CARTS	STAGERIGHT	3	EA	345.00	1,035.00	87.98	1,122.98
STAGE DECK LOCATORS - SINGLE	STAGERIGHT	60	EA	25.00	1,500.00	127.50	1,627.50
STAGE DECK LOCATORS - DOUBLE	STAGERIGHT	20	EA	35.00	700.00	59.50	759.50
STAGE DECK LOCATORS - QUAD	STAGERIGHT	10	EA	48.00	480.00	40.80	520.80
STAGE STEPS - 4' - 8'	STAGERIGHT	4	EA	1,128.00	4,512.00	383.52	4,895.52
STAGE, BACK RAIL 4'	STAGERIGHT	10	EA	127.00	1,270.00	107.95	1,377.95
STAGE, BACK RAIL 6'	STAGERIGHT	30	EA	141.00	4,230.00	359.55	4,589.55
STAGE, UPRIGHTS	STAGERIGHT	20	SET	601.00	16,020.00	1,381.70	17,381.70
STAGE, UPRIGHT CARTS	STAGERIGHT	3	EA	745.00	2,235.00	189.88	2,424.88



# Capital Projects and Equipment Needs REVISED FINAL VERSION

[illegible]





CITY AND COUNTY



OF SAN FRANCISCO

## BOARD OF SUPERVISORS

### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

**REVISED** July 14, 1997

July 11, 1997

DOCUMENTS DEPT.

**TO:** Finance Committee

**FROM:** Budget Analyst *Recommendation for review*

JUL 15 1997

SAN FRANCISCO  
PUBLIC LIBRARY

**SUBJECT:** July 16, 1997 Finance Committee Meeting

Items 1 and 2 - Files 27-97-6 and 101-97-3

**Department:** Airport

**Items:** **File 27-97-6:** Resolution approving the formation of a private, for-profit corporation as an international provider of airport management and advisory services.

**File 101-97-3:** Ordinance appropriating \$10,000 from the General Fund Reserve for the purchase of stock.

**Description:** Established in November of 1996, the purpose of the Airport's International Services Division (ISD) is to generate additional revenue by offering consulting services to other airports throughout the world which are engaged in developing new or expanded airport facilities. According to Mr. John Costas of the Airport, based on ISD's initial consulting services provided to the Perth Airport in Australia and to Santiago Airport in Chile, the Airport believes that in order to maximize the benefits of its consulting services and to effectively compete with other firms, the Airport's consulting services should be conducted by a separate private, for-profit corporation, instead of by a division of the Airport (see Attachment I). According to Mr. Costas, the current status of ISD as a division of the Airport has two disadvantages: (1) competitors have access to key documents due to public access laws which govern City agencies, and (2)

responding to Request for Proposals, and executing contracts and agreements cannot always be done as quickly as when those tasks are performed by private firms.

The proposed resolution (File 27-97-6) would approve changing the status of the ISD from a division of the Airport to a private, for-profit corporation. However, according to the proposed resolution, the private, for-profit corporation would still be "wholly-owned by the City and County of San Francisco." The City Attorney's Office has not given an opinion on whether or not the documents of a private corporation owned by the City would be confidential.

According to Mr. Costas, the City would own the private, for-profit corporation through owning the stock to be issued by the corporation. Mr. Costas reports that the City would need to pay \$10,000 to own 1 million shares of stock (\$0.01 per share). The proposed supplemental appropriation ordinance (File 101-97-3) would appropriate \$10,000 from the General Fund Reserve to purchase the stock. Mr. Costas advises that the City would be the sole shareholder of the proposed corporation.

According to Mr. Costas, the private, for-profit corporation would be formed in accordance with the proposed Articles of Incorporation and By-laws (copies of both documents are on file with the Clerk of the Board of Supervisors). Mr. Costas reports that the Articles of Incorporation and By-laws would not be subject to the approval of the Board of Supervisors. Instead, the Articles of Incorporation and By-Laws would be approved by the incorporators. According to Mr. Costas, the Mayor, the Treasurer, and the President of the Airport Commission would serve as the incorporators for the private, for-profit corporation. The incorporators would also appoint the five member Board of Directors of the proposed corporation. Mr. Costas reports that the appointments to the Board of Directors by the incorporators are also not subject to the approval of the Board of Supervisors. Once in operation, the Board of Directors would be elected annually by the shareholders of the corporation, according to the By-laws. According to the proposed resolution, the Mayor would vote as the sole shareholder on behalf of the City.

**Comments:**

1. According to Ms. Rosales, under the current arrangement, any profit made by ISD is returned to the Airport, and the use of the funds is restricted to the Airport by various Federal and States regulations. Ms. Rosales reports that under the proposed arrangement, any profit would belong to the private corporation. However, according to Ms. Rosales, the corporate profits, or some portion thereof, could be

transferred to the City's General Fund if the Board of Directors declares a dividend for shareholders. As previously noted, the appointment of the corporation's Board of Directors would not be subject to approval of the Board of Supervisors.

Ms. Rosales states that transfers of profits by the proposed private corporation to the City's General Fund would not conflict with Federal, State or local regulations which require monies generated by the Airport to remain at the Airport because the profits would not have originated with the Airport; Rather, the profits would come from revenues realized by the private corporation through providing consulting services to other airports. Thus, the private corporation would not be subject to the Federal, State and local regulations which largely restrict the use of Airport revenues for Airport purposes and generally prohibit the transfer of Airport revenues to the General Fund. This matter is explained in detail in Attachment II, provided by the City Attorney's Office.

2. According to Mr. John Martin, Director of Airports, the Airport is not paying for the \$10,000 to purchase the corporate stock because it would be considered "improper revenue diversion" and thus, violate Federal regulations. Therefore, the proposed supplemental appropriation ordinance (File 101-97-3) would appropriate \$10,000 from the General Fund Reserve.

3. Regarding the City's liability, in a memorandum dated July 9, 1997 (Attachment III), Ms. Melba Yee, Deputy City Attorney, states "As long as the City acts solely as a shareholder, the corporate formalities are observed, sufficient insurance is obtained by the corporation (property, casualty, and liability), and the corporation is properly capitalized for the business in which it engages, the protection of the City as a shareholder will be preserved. If on the other hand, the City intervenes in the day-to-day affairs of the corporation or ignores the separate legal identity of the corporation, then the City may lose the protection that is otherwise provided by the California law."

4. According to Mr. Costas, all costs incurred by the corporation would be funded by the revenues to be realized by the corporation.

5. According to Mr. Costas, because the proposed corporation would be a private business, the Board of Supervisors would have no oversight authority regarding the corporation's activities. In addition, Mr. Costas reports that the revenues

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

and expenditures generated by the corporation would not be subject to appropriation approval by the Board of Supervisors.

6. Mr. Costas states that, at this time, the Airport cannot estimate the amount of revenues which may accrue to the General Fund if this proposed resolution is approved by the Board of Supervisors. According to Mr. Costas, the Board of Directors would be responsible for determining what amount of the corporation's profits, if any, which would be transferred to the City's General Fund. As noted in a memorandum of July 9, 1997 (Attachment II), Ms. Yee states that "The international advisory services the City is proposing to conduct need not generate "airport revenue" subject to the restrictions. Rather, if structured as a separate legal entity with its own source of funds separate from the monies generated from on-going Airport activities, this line of business could produce a long-term source of revenue which lawfully could be provided to the General Fund. That is because, strictly speaking, monies received on account of Airport management or advisory services provided overseas would not be derived from the operation of the Airport. Under this structure, no Airport revenues would be used for the corporation, nor would revenues from the corporation be used to operate the Airport. As such, revenues from the corporation should not be considered "airport revenue." Upon a declaration of dividends by the corporation's Board of Directors, distribution of the dividends would be made to the City and County of San Francisco, as the sole shareholder of the corporation."

However as previously noted, the Board of Supervisors would have no control as to the amount of corporate monies, if any, which would be transferred to the General Fund.

**Recommendation:** The proposed resolution is a policy matter for the Board of Supervisors.






## Planning and International Services

July 10, 1997

To: Budget Analyst

From: John Costas   
Deputy Airport Director

Subject: *International Services Corporation—Competitive Environment Issues*

This memo responds to your request for an explanation of the need for quick response in a competitive environment and how the private corporation fulfills that need.

A private for-profit corporation will provide for rapid response necessary in a competitive business environment that is not possible under the San Francisco City Charter due to specific requirements for Airport Commission and Board of Supervisors approvals of certain agreements and documents. These processes are entirely appropriate when the public's funds and assets are at risk. However, through a private for-profit corporation that separates public assets and funds from the private enterprise, the necessity for multiple layers of approvals and extended processes can be eliminated and more timely decisions can be made.

During SFO's recent experience on the Australian privatization project for Perth Airport, authorization was required by the Airport Commission and Board of Supervisors for staff to participate in the project. These approvals caused a loss of one month's time on a short four-month bid process. Additionally, last minute requirements by the Australian Government for the bid submission obligated the Airport to submit documented evidence that SFO was legally authorized to enter into the bid. SFO barely met the bid deadline resulting from the need to seek long distance certifications from the Airport Commission and the City Attorney. Further, City travel requirements and approvals limited the Airport's ability to attend necessary on-demand called meetings and staff missed one meeting with Australian government officials.

Currently, on the Santiago airport project in Chile, the City purchasing process has delayed receipt of necessary Air Traffic Forecasts from LATA, and the City process (RFP, Civil Service, HRC, etc.) required to engage a financial advisor is untimely in meeting the 2-month bid preparation window. This is hampering our efforts to assess the financial viability of investments and seek capital funding for SFO International Services.

JC/ts

cc: John L. Martin  
Peter Nardoza  
Mara Rosales

JUL 9 1997 3:46PM

SFIA LEGAL 415 876 8829



**LOUISE H. RENNE**  
CITY ATTORNEY  
CITY AND COUNTY OF SAN FRANCISCO

AIRPORT DIVISION

MARA E. ROSALES  
Airport General Counsel  
THORNTON C. BUNCH, JR.  
KATHRYN A. PENNYPACKER  
GRETCHEN NICHOLSON  
MELBA YEE  
ADRIENNE GO  
EDUARDO A. ANGELES

**MEMORANDUM**

July 9, 1997

Direct Dial: 794-5056

TO: Budget Analyst

FROM: Melba Yee *[Signature]*  
Deputy City Attorney

RE: International Services Corporation -- Financial Issues

The purpose of this memorandum is to address your questions regarding the airport revenue retention requirements and the application of those requirements to the proposed for-profit corporation for international services.

In general, under federal rules regarding the use of "airport revenue," monies generated by the operation of an Airport must be used for narrowly-defined Airport purposes. These rules limit transfers of monies from the Airport to the General Fund. As currently structured, the international services division of the Airport is operated as part of the Airport and the funds derived therefrom would be considered "airport revenue" monies and would not be available to the City's General Fund.

The international advisory services the City is proposing to conduct need not generate "airport revenue" subject to the restrictions. Rather, if structured as a separate legal entity with its own source of funds separate from the monies generated from on-going Airport activities, this line of business could produce a long-term source of revenue which lawfully could be provided to the General Fund. That is because, strictly speaking, monies received on account of Airport management or advisory services provided overseas would not be derived from the operation of the Airport. Under this structure, no Airport revenues would be used for the corporation, nor would revenues from the corporation be used to operate the Airport. As such, revenues from the corporation should not be considered "airport revenue." Upon a declaration of dividends by the corporation's Board of Directors, distribution of the dividends would be made to the City and County of San Francisco, as the sole shareholder of the corporation.

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**LOUISE H. RENNE**  
CITY ATTORNEY  
CITY AND COUNTY OF SAN FRANCISCO

AIRPORT DIVISION


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GRETCHEN NICHOLSON  
MELBA YEE  
ADRIENNE GO  
EDUARDO A. ANGELES

**MEMORANDUM**

July 9, 1997

Direct Dial: 794-5056

TO: Budget Analyst

FROM: Melba Yee   
Deputy City Attorney

RE: International Services Corporation - City's Liability

The purpose of this memorandum is to respond to your question regarding the potential liability of the City and County of San Francisco for actions of the corporation.

The Airport has been authorized to and is currently conducting international services as part of the City and County of San Francisco. To the extent that international consulting services are provided by a division of the San Francisco International Airport, the City itself could be potentially liable for successful claims arising from international service activities. Therefore, one purpose of the corporate form is to protect the City from such liability. This would be accomplished by utilizing the provisions of California law that provide that the liability of a shareholder for claims against a corporation is limited to the amount the shareholder has invested in the corporation. By providing international services through a separately incorporated and capitalized entity, the City and County of San Francisco should be protected against claims for liability arising from the acts of the corporation.

As long as the City acts solely as a shareholder, the corporate formalities are observed, sufficient insurance is obtained by the corporation (property, casualty, and liability), and the corporation is properly capitalized for the business in which it engages, the protection of the City as a shareholder will be preserved. If on the other hand, the City intervenes in the day-to-day affairs of the corporation or ignores the separate legal identity of the corporation, then the City may lose the protection that is otherwise provided by California law.

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BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

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REGULAR MEETING

WEDNESDAY, JULY 23, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

Present: Supervisors Leal, Kaufman, Teng

Absent: Supervisor Brown (The President appointed Supervisor Teng to replace Supervisor Brown.)

Present: Supervisors Leal, Kaufman, Teng

1. File 101-90-124.6. [Reserved Funds, Recreation and Park Dept.] Hearing to consider release of reserved funds, Recreation and Park Department (1987 Park Improvement Bond fund), in the amount of \$600,400 for the construction of the Lake Merced Shoreline Restoration Project. (Recreation and Park Department)

ACTION: Hearing held. AMENDED. RELEASE OF \$600,400 APPROVED AS AMENDED. FILED. (~~Amendment~~: Funds are to be released by the Controller upon receipt of the Human Rights Commission's Section 12B certification.)

2. File 101-95-61.6. [Reserved Funds, Fire Department] Hearing to consider release of reserved funds, Fire Department (1986 Fire Protection Bond interest earnings), in the amount of \$71,981.85 for emergency repairs of the Auxiliary Water Supply System (AWSS) Pumping Station No. 2. (Fire Department)

ACTION: Hearing held. AMENDED. RELEASE OF \$73,023.88 APPROVED. FILED. (Amended to reflect the additional \$1,042.03 more than the request of \$71,981.85.

3. File 27-97-8. [Grant, CalTrain-SFO Shuttle Service] Resolution authorizing the Airport Commission to seek, accept and expend funds for a CalTrain SFO Shuttle from the Bay Area Air Quality Management District's Transportation Fund for Clean Air (TFCA) for the 1998 service year; waiving indirect costs. (Airport Commission)

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED. Amend title, line 1, after "TO" by inserting "RETROACTIVELY"; amend line 15, after "to" by inserting "retroactively"; amend line 18, after "costs" by adding "; authorizing retroactively the effective date of May 30, 1997." (See new title below.)

NEW TITLE: Resolution authorizing the Airport Commission to retroactively seek, accept and expend funds for a CalTrain SFO Shuttle from the Bay Area Air Quality Management District's Transportation Fund for Clean Air (TFCA) for the 1998 service year; waiving indirect costs. (Airport Commission)



4. File 106-97-2. [Civil Compensation, FY 1997-98] Ordinance setting schedules of compensation and other economic benefits for fiscal year 1997-1998 for certain classifications of persons employed by the Municipal and Superior Court for the City and County of San Francisco. (Municipal Court)

ACTION: Hearing held. RECOMMENDED.

5. File 93-96-30.2. [Amendment to MOU, Local 911] Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, SEIU, AFL-CIO and the City and County of San Francisco for Bargaining Units P-1; P-2A and P-2B to effective July 1, 1997 through June 30, 2001. (Department of Human Resources)

ACTION: Hearing held. CONSIDERATION CONTINUED TO AUGUST 6, 1997.

6. File 93-96-30.1. [Amendment to MOU, Local 911] Ordinance implementing the provisions of Amendment No. 2 to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, SEIU, AFL-CIO and the City and County of San Francisco for Bargaining Units P-1; P-2A and P-2B to add Bargaining Units 14B and 15B to the terms of Memorandum of Understanding effective July 1, 1997 through June 30, 2001. (Department of Human Resources) (Continued from 7/16/97.)

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amend title, line 6. after "2001" by adding "; PROVIDING FOR RETROACTIVELY."; amend line 22, by adding a Section 2 to read as follows: "Section 2. The Board of Supervisors hereby provides for ratification of action previously taken."

Supervisor Kaufman Excused from Voting on items 7 through 12.

Present: Supervisors Leal, Teng

7. File 101-97-4. [Appropriation, Port Commission/FY 1997-98] Ordinance appropriating \$4,450,000, Port Commission, of San Francisco Harbor Operating Fund Loan Revenue to purchase property for the Caltrans Site Acquisition Project for fiscal year 1997-98; companion measure to Files 262-97-1, 262-97-2, 262-97-3, 262-97-4, 262-97-5. (Mayor) (COMPANION TO THE FOLLOWING FILES.)

ACTION: Hearing held. RECOMMENDED.

8. File 262-97-1. [CEQA, China Basin Ballpark] Resolution endorsing the Planning Commission's certification of the Final Environmental Impact Report and adopting environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State guidelines in connection with certain documents relating to the China Basin Ballpark Project, including the disposition and development agreement, the ground lease, the non-relocation agreement and guaranty and approval of the purchase of the CalTrans parcel; companion measure to Files 262-97-2, 262-97-3, 262-97-4. (Supervisors Yaki, Teng) (COMPANION TO THE PRECEDING FILE AND FOLLOWING FILES.)

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.  
Amendment of whole bearing same title Recommended.  
Attachment A "PACIFIC BELL PARK FINDINGS" amended see file for amendments. Supervisor Teng added as co-sponsor.





9. File 262-97-2. [China Basin Ballpark, Disposition/Development] Resolution approving and authorizing a lease disposition and development agreement between the City and County, through its Port Commission, and China Basin Ballpark Company LLC, as developer, concerning an agreement to lease certain real property bounded generally by King Street, Second Street, China Basin Channel and Third Street, and governing the development of a new ballpark for the San Francisco Giants and for other commercial, assembly and recreation uses; adopting findings that the agreement is consistent with the City's General Plan and eight priority policies of Planning Code Section 101.1; and ratifying prior acts; companion measure to File 262-97-1. (Supervisor Yaki) (COMPANION TO THE PRECEDING AND FOLLOWING FILES.)

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.

Amendment of whole bearing same title Recommended.

Supervisor Teng added as co-sponsor.

The Committee directed the Clerk to make the following clarification regarding affirmative action in construction employment part of the official file "Attachment 14 LEASE DISPOSITION AND DEVELOPMENT AGREEMENT PROGRAM IN DIVERSITY TO read as follows: "2. Affirmative Action in Employment. Each Contractor who enters into a Contract which equals or exceeds \$50,000 will make good faith efforts as defined in Section 303(E) of HRC Attachment 1, as applicable, to meet the employment goals for minorities and/or women during the course of the Contract as set forth in Section 303(H) of HRC Attachment 1, and CBBC shall incorporate this requirement in any such Contract."

10. File 262-97-3. [China Basin Ballpark, Ground Lease] Resolution approving and authorizing a ground lease agreement between the City and County, through its Port Commission, as landlord, and China Basin Ballpark Company LLC, as tenant, concerning the lease of certain real property bounded generally by King Street, Second Street, China Basin Channel and Third Street, for the development and operation of a new ballpark for the San Francisco Giants and for other commercial, assembly and recreation uses; adopting findings that the lease is consistent with the City's General Plan and eight priority policies of Planning Code Section 101.1; and ratifying prior acts; companion measure to File 262-97-1. (Supervisor Yaki) (COMPANION TO THE PRECEDING AND FOLLOWING FILES.)

ACTION: Hearing held. AMENDED. RECOMMENDED AS AMENDED.

Amendment of whole bearing same title Recommended.

Supervisor Teng added as co-sponsor.



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## Finance Committee Board of Supervisors City and County of San Francisco

JUL 25 1997

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### REGULAR MEETING

WEDNESDAY, JULY 30, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVE., ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

❖ ❖

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Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



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FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, JULY 30, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 172-97-41. [Natural Gas Fueling Facility, Presidio] Resolution authorizing the City to enter into an agreement with the National Park Service for the use of a compressed natural gas facility in the Presidio. (Supervisor Leal)

ACTION:

2. File 25-97-12. [Prop J Contract, Parking Management Services] Resolution approving the Controller's certification that parking management services for San Francisco International Airport can practically be performed by private contractor at a lower cost for the year commencing July 1, 1997 than if work were performed by city employees at budgeted levels. (Airport)

ACTION:

3. File 127-97-7. [Business Tax Registration Regulations] Ordinance amending Part III of the San Francisco Municipal Code by amending Section 1007.3, to provide that no person shall file a fictitious business name with the County Clerk without having first presented a tax registration certificate. (Supervisor Leal)

ACTION:

4. File 270-97-3. [Disaster Relief Funds] Resolution authorizing the Director of the Mayor's Office of Emergency Services or his designee, the Controller and the Chief Assistant Controller to execute and file, on behalf of the City and County of San Francisco, certain documents relating to federal and state financial assistance under the Federal Disaster Relief Act, or federal assistance otherwise available from the President's Disaster Relief Fund and the State of California Natural Disaster Assistance Act program pertaining to the October 17, 1989 Loma Prieta Earthquake, and rescinding Resolutions 842-90 and 311-92. (Mayor's Office of Emergency Services)

ACTION:

5. File 94-91-8.12. [Reserved Funds, Municipal Railway] Hearing to consider release of reserved funds, Municipal Railway (Federal Grant), in the amount of \$540,266, to continue project implementation activities such as fixed facilities rehabilitation-administrative offices, renovations and moving expenses. (Municipal Railway)

ACTION:

6. File 101-95-45.1. [Reserved Funds, Fire Department] Hearing to consider release of reserved funds, Fire Department (1992 Fire Protection Bond interest earnings), in the amount of \$105,000, for the purpose of funding the construction contract of Station 42 renovation. (Also see File 101-96-12.1). (Department of Public Works)

ACTION:

7. File 101-96-12.1. [Reserved Funds, Fire Department] Hearing to consider release of reserved funds, Fire Department (1992 Fire Protection Bond proceeds), in the amount of \$256,000, for the purpose of funding the construction contract of Station 42 renovation. (Also see File 101-95-45.1). (Department of Public Works)

ACTION:

8. File 101-96-32.1. [Reserved Funds, Department of Human Resources] Hearing to consider release of reserved funds, Department of Human Resources-Employee Relations Division, in the amount of \$265,450, to fund legal and professional services in support of labor negotiations for fiscal year 1996-97. (Department of Human Resources)

ACTION:

#### LEGISLATION UNDER THE 30-DAY RULE

File No. 69-97-2. Constituent Liaison, Board of Supervisors, Motion, (Supervisor Katz), 30 day Rule expires 8/6/97.

Watch future calendars for scheduling of these matters.

**FINANCE COMMITTEE**  
S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

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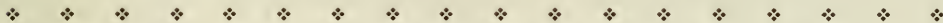
## REGULAR MEETING

WEDNESDAY, AUGUST 6, 1997 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE, ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



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FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, AUGUST 6, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 172-97-47. [Red Light Camera Enforcement Program] Ordinance authorizing execution of contract between the Department of Parking and Traffic and a bidder it deems responsive to provide construction and professional services for the red light camera enforcement program; waiving competitive bidding requirements of Section 21.6 of the San Francisco Administrative Code. (Supervisor Leal)

ACTION:

2. File 267-97-1. [Treasurer's Investment Policy] Hearing to consider the Treasurer's Annual Investment Policy for Fiscal Year 1997-98. (Supervisor Kaufman)

ACTION:

3. File 93-97-47. [MOU, Local 790 Bargaining Unit SC4] Ordinance adopting and implementing the Memorandum of Understanding between the Service Employees International Union, AFL-CIO, Local 790, and the City and County of San Francisco for Bargaining Unit SC4, to be effective for the period July 1, 1997 through June 30, 2000. (Department of Human Resources)

ACTION:

4. File 118-97-3. [Patient Rates for DPH Services, FY 1997-98] Ordinance amending Health Code by amending Section 128 thereof, fixing patient rates for services furnished by City and County healthcare institutions; authorizing retroactively the effective date of July 1, 1997. (Department of Public Health)

ACTION:

5. File 172-97-51. [Agreement, Sheriff - Interactive Systems] Resolution authorizing the San Francisco Sheriff's Department to enter into an agreement with Interactive Systems, LLC for VINE, an automated victim notification service, which agreement provides for mutual indemnification from claims or other damages which arises as a result of performance under said agreement. (Sheriff)

ACTION:



6. File 172-97-41. [Natural Gas Fueling Facility, Presidio] Resolution authorizing the City to enter into an agreement with the National Park Service for the use of a compressed natural gas facility in the Presidio. (City Administrator)  
(Continued from 7/30/97.)

ACTION:

7. File 93-96-30.2. [Amendment to MOU, Local 911] Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, SEIU, AFL-CIO and the City and County of San Francisco for Bargaining Units P-1; P-2A and P-2B to effective July 1, 1997 through June 30, 2001. (Department of Human Resources)  
(Continued from 7/23/97.)

ACTION:

#### LEGISLATION UNDER THE 30-DAY RULE

File No. 69-97-2. Constituent Liaison, Board of Supervisors, Motion, (Supervisor Katz), 30 day Rule expires 8/6/97.

Watch future calendars for scheduling of these matters.

#### FINANCE COMMITTEE

S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

**IMPORTANT HEARING NOTICE!!!**

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August 1, 1997

**TO:** Finance Committee

**FROM:** Budget Analyst *Recommendation*

**SUBJECT:** August 6, 1997 Finance Committee Meeting

Item 1 - File 172-97-47

**Department:** Department of Parking and Traffic (DPT)

**Item:** Ordinance authorizing the execution of a contract between the Department of Parking and Traffic and a contractor which the City deems responsive to provide construction and professional services for the Red Light Camera Enforcement Program; waiving the competitive bidding requirements of Section 21.6 of the San Francisco Administrative Code.

**Description:** In October of 1996, the Department of Parking and Traffic (DPT) initiated a Pilot Red Light Camera Enforcement Program in order to reduce red light runnings at four of the City's intersections. The pilot project consisted of mounting cameras at four City intersections and issuing citations to red light violators who were photographed by the mounted cameras. Two private firms---Electronic Data Systems (EDS) and U.S. Public Technologies---participated in the pilot project. The pilot project was set up to provide to each firm \$30,000 per intersection to cover installation of loops and

conduits for the installation of red light cameras, and \$17.50 per paid citation to cover film developing and citation processing costs. The four intersections which have had cameras operating are located at 5th & Howard Streets, 7th & Mission Streets, 19th & Holloway Avenues, and 19th Avenue & Sloat Boulevard. However, the cameras operated at the 19th & Holloway Avenues and 7th & Mission Streets intersections have not been operating since April 1997. At that time, Electronic Data Systems withdrew from the pilot project for financial reasons, according to Mr. Jack Fleck of the Department of Parking and Traffic. Mr. Fleck reports that U.S. Public Technologies has agreed to resume operations of the cameras located at the intersection of 7th & Mission Streets, but not the cameras at 19th & Holloway Avenues due to the low volume of red light violations at this location. In addition, installation of cameras at two additional intersections at 9th and Howard Streets and Pine Street & Presidio Avenue by U.S. Public Technologies has begun and are expected to be operational by the end of July for a total of five intersections under the pilot project. As of May 2, 1997, a total of 3,209 citations have been sent out.

The proposed ordinance would authorize the execution of a contract between the Department of Parking and Traffic and a contractor which the department deems responsive to expand the pilot project into a full scale program and provide the necessary construction and professional services for the Red Light Camera Enforcement Program at a total of 30 intersections, including five red light camera intersections to be installed by Caltrans. Because of the unique nature of the combined construction and professional services contract, the proposed ordinance would allow DPT to waive the competitive bidding requirements required under Administrative Code Section 21.6 and instead use a Request For Proposals (RFP) process which combines the construction contract for the installation of the cameras and the professional services contract to operate red light cameras, process film, and print and process citations into a single contract.

According to Mr. Fleck, the DPT was advised by Ms. Katharine Albright of the City Attorney's Office that while the Administrative Code does permit the use of an RFP process for professional and personal services contracts in lieu of a competitive bidding process as required by Administrative Code Section 21.6, it is not clear that the use of the RFP process is permitted for a combination of professional and construction services unless the Board of Supervisors approves the subject ordinance. Ms. Albright



states that approval of the subject proposed ordinance would authorize the RFP process for award of a combined professional services and construction services contract.

Once the contractor has been selected through the RFP process, the Department of Parking and Traffic plans to expand the program by adding 20 intersections to the current pilot program of six intersections by early 1998. DPT is currently proposing to add the following 20 additional intersections in the expanded program:

10th & Harrison	6th & Bryant
8th & Harrison	3rd and Harrison
Duboce & Valencia	8th & Bryant
4th & Mission	Franklin & Geary
1st & Howard	Geneva/I-280 Off-Ramps
Cesar Chavez & Mission	14th & South Van Ness
Franklin & Pine	4th & Harrison
Golden Gate & Gough	Gough & Oak
15th & Mission	California & Van Ness
Bush & Leavenworth	Beale & Howard

According to Mr. Fleck, these intersections all have a relatively high number of accidents caused by vehicles running red lights.

In addition to these intersections, DPT will be asking the contractor selected from the RFP process to operate five additional red light camera intersections to be installed by Caltrans. These intersections would be Park Presidio Boulevard & Lake Street, Geary Boulevard, and Fulton Street, Richardson Avenue and Francisco Street, and Marina Boulevard and Lyon Street.

**Comments:**

1. According to Mr. Fleck, the Department of Parking and Traffic has determined through the pilot project that the current fine of \$104 for a red light violation and the current reimbursement to the contractors of \$17.50 of the \$104 fine, as presently authorized under State law, are inadequate to support a full scale Red Light Camera Enforcement program. However, Mr. Fleck states that AB 1191 was introduced which would raise the fine for red light violations from \$104 to \$271 per citation and would earmark \$80 per citation from that fine for enforcement. Mr. Fleck states that AB 1191 has been approved by the State Assembly and is currently being heard by the State Senate Transportation and Judiciary Committees. Mr. Fleck states that passage of this bill would be necessary to ensure that the expanded Red Light Camera Enforcement Program is adequately funded.

2. According to Mr. Fleck, all costs of the expanded Red Light Camera Enforcement Program would be covered by the fines collected from motorists running red lights if the pending AB 1191 is approved by the State Legislature. The Department of Parking and Traffic estimates that the program would generate an estimated 1,125 paid citations per month. Mr. Fleck states that with the additional \$80 per citation under AB 1191 and the current \$17.50 allocation under the existing fine structure, or a total of \$97.50, the program could generate approximately \$109,688 in revenues per month ( $\$97.50 \times 1,125$  paid citations per month). Mr. Fleck states that the \$109,688 per month, or \$1,316,250 annually, in revenues would be used to reimburse the contractor for installing the cameras, retrieving film, developing photographs, sending citations after review by the Police Department, and to cover the costs to the Police Department, the Trial Courts, the Department of Parking and Traffic, Department of Public Works, the District Attorney's Office, and the City Attorney's Office. Attached is a budget prepared by Mr. Fleck which shows that the Red Light Camera Enforcement Program will be self-sustaining.

3. According to Mr. Fleck, the Department of Parking and Traffic has received Civil Service Commission's approval for the proposed contract for the Red Light Camera Enforcement Program. Ms. Albright of the City Attorney's Office advises that Proposition J certification by the Controller is not required for the proposed contract because Civil Service Commission approval has been obtained.

4. Mr. Fleck advises that upon selection of a contractor and the execution of a contract, the Department of Parking and Traffic would seek approval from the Board of Supervisors for an appropriation, supported 100 percent from traffic fine revenues, to expand the Red Light Camera Enforcement Program.

**Recommendation:** Approval the proposed ordinance is a policy matter for the Board of Supervisors.

Item 2 - File 267-97-1

**Department:** Treasurer

**Item:** Hearing to consider the Treasurer's Annual Investment Policy for FY 1997-98.

**Description:** Section 53646(a) of the California State Government Code requires that the annual investment policy developed by the Treasurer be considered by the Board of Supervisors at some time prior to or during the year that it covers. The Treasurer has prepared an Annual Investment Policy for FY 1997-98 which is on file with the Clerk of the Board. In summary, the Treasurer's Annual Investment Policy includes the objectives of the preservation of capital, liquidity and yield, and the lists the types of investments which are permitted to be purchased.

According to Mr. Dan Daly, Chief Investment Officer of the Treasurer's Office, changes in the Annual Investment Policy between FY 1996-97 and FY 1997-98 include: (1) restrictions on making investments with financial institutions governed by the City's Administrative Code – Section 12B which prohibits nondiscrimination in contracts, and Section 12J which prohibits City business with Burma; (2) revisions to comply with new State requirements including regulations regarding the deposit and withdrawal of funds and limits on the receipt of honoraria, gifts, and gratuities by the Treasurer, City investment officers, and Oversight Committee members from any persons with whom the Treasurer's Office conducts business; (3) additional disclosure requirements including that the costs of managing the investment portfolio are accounted for by the Controller on a quarterly basis; (4) a new restriction on investments in Federal Agencies (such as the Federal Home Loan Bank) from previously being able to invest in securities of any maturity to now being allowed to invest in securities with maturities of one year or less; and (5) an extension of 20 days in the maximum length of time in which the City is able to invest in domestic commercial paper from 90 days to 110 days.

**Comments:** 1. According to the Treasurer's latest quarterly report, the total value of investments as of June 30, 1997 was \$2,549,369,519, including the Pooled Investment Funds portfolio which consists of surplus funds valued at \$1,062,253,407 or 41.7 percent of the \$2,549,369,519 in total investments. Of the \$1,062,253,407 in the Pooled Investment Funds portfolio, \$263,969,972, or 24.85 percent, represents funds of the San Francisco Unified School District, the

Community College District, and the San Francisco Transportation Authority.

Mr. Daly advises that the Treasurer's Office also currently manages 51 separate Special Funds (including, for example, Bond Funds and Bequests) valued at \$1,487,116,112 or 58.3 percent of the \$2,549,369,519 in total investments. Attachment 1, provided by Mr. Daly, is a list of these Special Funds.

According to the Treasurer's latest quarterly report, for the 12-month period from July 1, 1996 through June 30, 1997, interest revenues realized on all invested funds was \$151,260,637 with an interest yield of 5.843 percent. The average maturity of the investments was 11.2 months. The interest revenues realized from the Pooled Investment Funds portfolio was \$71,745,315 in FY 1996-97, with an interest yield of 6.167 percent.

As of June 30, 1997 the distribution of all investments was as follows:

<u>Investment Type</u>	<u>Percentage</u>	<u>Book Value</u>
U.S. Treasury Bills	28.73	\$732,450,718
U.S. Treasury Notes	37.12	946,414,036
Bankers Acceptance-Domestic	21.66	552,148,302
Commercial Paper Discount	11.70	298,356,463
Negotiable Certificates of Deposit (CDs)	<u>0.79</u>	<u>20,000,000</u>
Total	100.00	\$2,549,369,519

As of June 30, 1997 the distribution of the Pooled Investment (surplus) Funds portfolio was as follows:

<u>Investment Type</u>	<u>Percentage</u>	<u>Book Value</u>
U.S. Treasury Bills	6.58	\$ 69,864,022
U.S. Treasury Notes	<u>78.25</u>	<u>831,291,752</u>
Subtotal	84.83	\$901,155,774
Bankers Acceptance-Domestic	4.33	45,985,612
Commercial Paper Discount	<u>10.84</u>	<u>115,112,041</u>
Total	100.00	\$1,062,253,427

2. The average earned interest yield for the Pooled Investment Funds portfolio was 6.790 percent for the five-year period from FY 1992-93 through FY 1996-97. As shown in Attachment II, provided by Mr. Daly, for each of the past five years, the Treasurer's annual earned interest yield from its Pooled Investment Funds portfolio has performed better or at the same level as the Pooled Investment Funds portfolios of the Counties of Sacramento, San Diego, Sonoma, and Los Angeles as well as the State of California's pooled fund known as the Local Agency Investment Fund (LAIF).



3. Mr. Daly advises that the Treasurer adheres to a conservative investment policy in order to avoid the type of severe financial difficulties previously encountered by Orange County. According to Mr. Daly, Orange County officials engaged in criminal activity as well as a flawed investment strategy. Mr. Daly reports that Orange County pooled its monies with municipalities and various other jurisdictions, borrowed short-term money in order to purchase long-term agencies (known as leveraging), invested in derivatives, and experienced liquidity problems due to holding long-term investments.

The City's Annual Investment Policy places limitations on the maximum maturities of specific investments, the types of investments allowed, and excludes other government agencies not within the geographical boundaries of the City and County to invest in the Treasurer's pooled funds. As noted above, the majority of the Pooled Investment Funds portfolio (84.83 percent) are currently invested in U.S. Treasury Bills and Treasury Notes, which are backed 100 percent by the Federal government and considered to be among the most safe type of financial investments.

4. The Treasurer submits monthly reports on the City's portfolio's performance to the Board of Supervisors and quarterly reports on the status of the investment portfolio to the Mayor, the Board of Supervisors and the Controller.

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- \* 0001 GEN. FUND DEDICATED PORTFOLIO
- 0002 TRANS 1993-1994
- \* 0003 SEISMIC SAFETY BOND 1994A
- 0004 TRANS 1994-1995
- 0005 1995-1996 TRANS
- 0006 1996-1997 TRANS
- 0100 POOLED FUNDS
- 0112 ALFRED SUTRO BEQUEST (INT 955)
- 0183 WINDELL BEQUEST
- 0184 ROBINSON BEQUEST (INT 943)
- 0290 ASSASSINATION TRUST FUND
- 0462 FINE ARTS/ VERA MICHELS BEQUEST
- 0463 FINE ARTS
- 0465 GUMP BEQUEST
- 0466 HENRY S WILLIAMS BEQUEST
- \* 0467 FINE ARTS EQ INSURANCE
- 0468 FINE ARTS/MILDRED J. QUINBY BEQUEST
- 0469 FINE ARTS/ALMA BERHEIM BEQUEST
- 0470 DEAN C. BARNLUND
- \* 0471 FINE ARTS
- \* 0473 BARBARA JOSTES BEQUEST
- \* 0478 FINE ARTS (DEBRETTEVILLE BEQ)
- 0479 SPECIAL ANECDOTAL BOOK FUND (INT 959.9)
- 0606 1986 FIRE PROT IMP BD (ABR-YR 6.7777%)
- 0609 1991E REC & PARK IMPROVEMENT
- 0611 1991G LIBRARY PROJ FAC (ABR-YR 6.3762%)
- 0613 1991D PUBLIC IMP SAF (ABR-YR 6.3762%)
- 0615 1991F SAFETY IMP PROJ. (ABR-YR 6.3762%)
- 0616 1991E PUBLIC HEALTH FAC (ABR-YR 6.3762%)
- 0842 1976 SEWER REVENUE
- 0843 1976 SEWER REVENUE 'B'
- 0844 1976 SEWER REVENUE 'C'
- 0845 1985 WATER REVENUE BOND
- \* 0846 1985 WATER REV BD REF (ABR-YR 7.
- 0869 1975 AIRPORT REVENUE (ABR-YR 6.313%)
- 0870 G.O.BOND TRUST FUND-AIRPORT
- 0871 1977 AIRPORT REVENUE SERIES B
- 0872 1981 AIRPORT REV SER C (ABR-YR 6.313%)
- 0873 1983 AIRPORT REVENUE SERIES D
- 0874 1983 SERIES D - INTEREST FUND
- 0875 1990 AIRPORT REV SER E. (ABR-YR 7.49%)
- \* 0876 AIRPORT 1994 ISSUE 5
- \* 0877 AIRPORT 1994 ISSUE 6
- 0878 AIRPORT 1994 ISSUE 7
- \* 0879 AIRPORT ISSUE 8A (ARB 6.1737169)
- \* 0880 AIRPORT ISSUE 8B (ARB 6.1737169)
- \* 0883 REFUNDING ISSUE 1
- 0884 REFUNDING ISSUE 2
- 0885 REFUNDING ISSUE 3
- 0886 REFUNDING ISSUE 4

\* = active portfolio



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\* 0891 1991A WATER REV BD (ABR-YR 6.7915t)  
 \* 0892 1996 WATER REV BD (5.25t)  
 \* 0900 AIRPORT 1996 13A (7.26t)  
 \* 0901 AIRPORT 1996 13B (5.8t)  
 \* 0902 AIRPORT 1995 9A  
 \* 0903 AIRPORT 1995 9B  
 \* 0904 AIRPORT 1996 10A  
 \* 0905 AIRPORT 1996 10B  
 \* 0906 AIRPORT 1996 11  
 \* 0907 AIRPORT 1996 12A (5.933)  
 \* 0908 AIRPORT 1996 12B (5.732)  
 \* 0909 AIRPORT 1996 14 (5.8t)  
 \* 0910 AIRPORT C/P PROGRAM  
 0911 RETIREMENT TRUST  
 0922 HEALTH SERVICE  
 0935 HERSTEIN BEQUEST  
 0963 MC DONALD TRUST  
 0968 HELLER BEQUEST  
 0974 LE ROY VANE TRUST  
 0997 STATE FUND COUNTY FAIR  
 0999 MISCELLANEOUS  
 1234 LITIGATION SUPPORT  
 1636 ALFRED WILSEY BEQUEST  
 1896 1988 SEWER REV BD "A" (ABR-YR 7.6684t)  
 1897 1988 SEWER REV BD "B" (ABR-YR 7.6684t)  
 1898 1991 SEWER REV BDS (ABR-YR 6.60t)  
 1900 SEWER REVENUE 1995 SERIES A  
 1901 SEWER REVENUE 1995 SERIES B  
 2533 SFUSD - LINCOLN BLDG. TRUST ACCT  
 2534 SFUSD - TODD BEQUEST  
 2535 GWHS SPEECH/DEBATE TEAM  
 2608 1992 B POLICE FAC (ABR-YR 6.0163t)  
 2611 1992 D LIBRARY PROJ (ABR-YR 6.0163t)  
 2613 1992 A PUBLIC SAFETY (ABR-YR 6.0163t)  
 2615 1992 C PUBLIC SAFETY (ABR-YR 6.0163t)  
 3051 IVAN REYES TR. (88.5t MONTHLY/11.5t MED)  
 3052 JORGE FREYTES TR. 303 000003 030  
 3053 ESKEY BEQUEST  
 3054 ANTERO GUEVARRA TRUST  
 3320 AUD. FUND. CIVIL SERVICE  
 3613 1993 A PUBLIC SAFETY  
 3615 1993 B PUBLIC SAFETY  
 3622 1993 C GOLDEN GATE PARK IMP  
 3623 1993 D FIRE DEPT FAC  
 4613 PUBLIC SAFETY 1994A (ARB-YR 6.05  
 4615 PUBLIC SAFETY 1994B (ARB-YR 6.05  
 4619 SCHOOL FAC 1994C (ARB-YR 6.05352  
 4620 FINE ARTS/ARTS TRUST  
 4623 FIRE FAC 1994 D (ARB-YR 6.053525  
 5000 GUARDIAN OSSA

\* = active portfolio

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5005 STEVEN L. BYBEE TRUST FUND  
 5610 1988 SCHOOL FAC BD (ABR-YR 7.4059\*)  
 5611 LIBRARY FAC PROJ 1989A (ABR-YR 6.5282\*)  
 \* 5613 1995A PUB.SAFETY IMP(ARB 5.627\*)  
 5617 CORRECTIONAL FAC 1991C (ABR-YR 6.5387\*)  
 5618 PUBLIC SAFETY IMP 1991A (ABR-YR 6.5387\*)  
 5619 PUBLIC SCH FAC. 1991A (ABR-YR 6.5387\*)  
 5620 POLICE FAC 1991A (ABR-YR 6.5387\*)  
 5621 FIRE PROTECTION 1991B (ABR-YR 6.5387\*)  
 \* 5622 1995B G.G. PARK(ARB 5.627\*)  
 \* 6600 ASIAN ART MUSEUM 1996E (5.7075\*)  
 \* 6613 PUBLIC SAFETY IMP 1996B(5.7074\*)  
 \* 6619 SCHOOL FACILITIES 1996D(5.7074\*)  
 \* 6623 FIRE DEPARTMENT FAC 1996C (5.7074\*)  
 \* 7619 SCHOOL FACILITIES IMP 1997B(5.06\*)  
 \* 7622 GOLDEN GATE IMP 1997A(5.06\*)  
 8607 1987 STREET IMP BD (ABR-YR 6.7144\*)  
 8608 1987 POLICE FAC BD (ABR-YR 6.7144\*)  
 8609 1987 PARK IMP BD (ABR-YR 6.7144\*)  
 8691 AIRPORT CONTINGENCY RESERVE  
 8801 1987 MENTAL HEALTH FAC BD (ABR-YR 6.714\*)  
 9469 PORT REFUNDING 1994 (5.63\*)  
 \* 9492 FUHRMAN BEQUEST PARK  
 9494 FUHRMAN BEQUEST LIBRARY  
 \* 9530 AIRPORT DEDICATED POOL  
 \* 9600 CITY HALL 1996A(ARB.5.45\*)  
 9607 STREE IMP PROJ 1989B (ABR-YR 6.5282\*)  
 \* 9610 REC & PARK GODDESS STATUE  
 \* 9611 JOHN C. GILLILAND BEQUEST  
 \* 9612 CATHERINE TAKAMINE BEQUEST  
 9613 PUBLIC SAFETY IMP 1990B (ABR-YR 7.0833\*)  
 9614 LIBRARY FAC PROJ 1990A (ABR-YR 7.0833\*)  
 \* 9700 SFUSD TRANS 96-97  
 9800 MOSCONE PROJECTS  
 9801 MOSCONE ADDITIONS  
 \* 9701 SFUSD TRANS 97-98

\* = active portfolio

## YIELD PERFORMANCE FOR EACH COUNTY

scal ear	Sacramento	San Diego	State	CCSF	Sonoma	L.A.
91-92	7	8.36	6.22	8.19	7.77	5.43
92-93	7	7.3	4.79	7.31	6.77	3.89
93-94	5.88	5.81	4.38	6.09	5.83	3.64
94-95	5.33	5.27	5.52	6.46	5.4	5.35
95-96	5.24	4.11	5.77	6.42	5.29	5.76
96-97	5.46	3.77	5.58	6.272	5.42	5.63



Item 3 - File 93-97-47

**Department:** Department of Human Resources (HRD)  
Trial Courts - Superior Court

**Item:** Ordinance adopting and implementing the Memorandum of Understanding between the Service Employees International Union (SEIU), AFL-CIO, Local 790, and the City and County of San Francisco for Bargaining Unit SC4, to be effective for the period from July 1, 1987 through June 30, 2000.

**Description:** The proposed ordinance would adopt and implement the provisions of a new Memorandum of Understanding (MOU) between the City and SEIU Local 790, for Bargaining Unit SC4, which represents six classifications of Superior Court employees of the Trial Courts, covering 161 positions in the Superior Court. The proposed MOU is for the three-year period from July 1, 1997 through June 30, 2000. As such, the proposed ordinance should be amended to provide for retroactive authorization. The major provisions of the proposed MOU have been modeled after the City's primary MOU with SEIU Local 790, covering approximately 9,800 employees in a wide range of clerical and service delivery positions, which was approved by the Board of Supervisors in July, 1997 (File 93-97-46).

The Superior Court positions covered by the proposed MOU are as follows:

<u>Classification</u>	<u>Current No. of Positions</u>
589 Court Assistant	14
591 Superior Court Clerk	69
680 Judicial Secretary	3
681 Senior Judicial Clerk	24
697 Judicial Clerk	50
705 Judicial Clerk II	<u>1</u>
Total	161

The new provisions of the proposed MOU are summarized below.

Wage Increases

The proposed MOU would provide wage increases, totaling 9.75 percent over the three-year period of the MOU, to all covered employees based on the following schedule:

<u>Date</u>	<u>Percent Wage Increase</u>
July 1, 1997	1.75 percent
January 1, 1998	1.50 percent
July 1, 1998	1.75 percent
January 1, 1999	1.50 percent
July 1, 1999	1.75 percent
January 1, 2000	1.50 percent

The Controller estimates that these scheduled salary increases, which provide identical percentage wage increases to those provided under the City's primary MOU with Local 790, will result in increased costs to the City of approximately \$195,379 in FY 1997-98, and successively incremental amounts of \$262,314 in FY 1998-99 and \$270,908 in FY 1999-2000, for a total cumulative cost over the three-year term of the MOU of \$1,381,673

The schedule of wage increases will also result in wage-related fringe benefit costs increases of \$29,932 in FY 1997-98, and incremental amounts of \$40,186 in FY 1998-99 and \$41,503 in FY 1999-2000, according to the Controller.

#### Internal Adjustment for Judicial Clerk II

The proposed MOU would provide a one-time internal wage adjustment of 10 percent for Class 705 Judicial Clerk II. Ms. Alice Villagomez of the HRD states that this internal wage adjustment is provided because the differential between this class and Class 697 Judicial Clerks has become compacted as a result of pay equity adjustments received by Class 697 Judicial Clerks. There is one authorized 705 Judicial Clerk II position covered by this subject MOU. See Comment No. 1.

#### Health Benefits

The proposed MOU would grant full City pickup of health care premiums for employees who do not use dependent care health benefits ("medically single" employees, i.e. employees who are considered single for the purpose of determining medical benefits). The difference between the City (employer) payment for employee health premiums that will be in effect starting July 1, 1997 according to Charter provisions, and the monthly premium costs for FY 1997-98 for the City Health Plan, which has the highest premium of the health plans available to the subject employees, is \$9.75 per pay period, according to Ms. Alice Villagomez of the HRD. This difference is currently paid by the employee, but would be picked up by the City for such "medically single" employees.



### Long Term Disability Plan

The proposed MOU would provide a new Long Term Disability Plan (LTD) to employees with six months continuous service. The LTD would provide employees with a long term disability with 60 percent of their salary up to the age of 65. Employees receiving payments under the LTD would not be entitled to also receive payments under the City's Catastrophic Illness Program, under which City employees can donate accrued sick leave to other City employees suffering from catastrophic illness. As stated above, the provisions of the subject ordinance, including the LTD, are modeled on the provisions of the City's primary MOU with SEIU Local 790.

### Limitations on Longevity Increases

Under the current MOU, employees receive a \$0.30 per hour longevity premium after completion of ten years of service. The proposed MOU would incorporate provisions of the SEIU Local 790 MOU to limit longevity increases. Specifically, the proposed MOU states that employees must serve ten years in the same classification in order to receive the longevity premium, except for employees already receiving the subject premium. According to the Controller, this provision would not provide significant costs or savings to the City. Therefore, the Controller did not estimate costs or savings for this provision.

### Volunteer/Parental Release Time

The proposed MOU would grant all employees paid release time to attend parent teacher conferences of two hours per semester.

### Bi-Lingual/Sign Language Interpreter Pay

Under the current MOU, employees assigned as a "designated bilingual position" who translate for 40 or more hours biweekly receive a \$50 biweekly premium. In addition to continuing that same premium in the subject proposed MOU, the proposed MOU would provide a premium of \$35 biweekly to employees occupying designated bilingual positions who translate for at least 10 hours and less than 40 hours biweekly. However, Ms. Kate Harrison of the Superior Court advises that the Superior Court currently has no designated bilingual positions.

Phase Out of Premium for Courtroom Clerks in Specialty Departments

Under the current MOU, certain individuals assigned as Clerk of the Probate, Criminal Master Calendar, Law and Motion, Domestic Relations or Presiding Judge's Departments receive a \$138 biweekly premium. As of November 1, 1994, the current MOU restricted this premium to those already receiving it and to instances where there is no Court Coordinator regularly assigned to the respective Superior Court department. Under the proposed MOU, those individuals who were receiving the subject premium as of July 7, 1997 would continue to receive the premium, but no newly assigned employees would receive the premium. This provision would not provide savings compared to the current MOU until turnover in the subject Clerk positions occurs.

Floating Holidays

The proposed ordinance would increase the number of floating holidays for covered employees from two per year to four per year. Ms. Harrison states that this change will provide Superior Court employees with the same holidays granted to Municipal Court employees. Ms. Harrison further states that the City agreed to the two additional floating holidays in exchange for an agreement not to provide future additional pay equity increases (see below).

Pay Equity

The proposed MOU does not provide for any future pay equity increases, although previously approved pay equity increases would remain in effect.

**Comments:**

1. The Controller estimates that the subject proposed MOU will result in estimated incremental costs of \$266,962 in FY 1997-98, \$302,500 in FY 1998-99, and \$312,411 in FY 1999-2000, for a total cumulative cost over the three-year term of the MOU of \$1,718,297. A copy of the Controller's cost estimate is attached to this report.

The HRD provided the information regarding the internal wage adjustment for the Class 705 Judicial Clerk II after the Controller's Office had issued its cost estimate. However, Ms. Peg Stevenson of the Controller's Office advises that the subject internal wage adjustment will result in additional salary expenses of approximately \$3,900 per year, and associated increased fringe benefit costs of \$596 per year, for a total increase to the cost estimate shown in the attachment

Memo to Finance Committee  
August 6, 1997 Finance Committee Meeting

of \$4,496 in FY 1997-98. The total cost increase for FY 1997-98 would therefore be \$271,458 (\$266,962 plus \$4,496). The Budget Analyst concurs with the Controller's estimates of the increased costs to the City, including this adjustment to the Controller's written estimates.

2. Ms. Stevenson states that the increased costs would be funded from the Salary and Benefits Reserve as established in the FY 1997-98 budget.

- Recommendations:**
1. Amend the proposed ordinance to provide retroactive authorization.
  2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

Attachment A  
 SEIU Superior Court SC4  
 Estimated Costs 1997-98 through 1999-00  
 Controller's Office

<u>Annual Incremental Costs/(Savings)</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>
Wage Increases			
1.75% on 7/1/97 and 1.5% on 1/1/98	\$195,379		
1.75% on 7/1/98 and 1.5% on 1/1/99		\$262,314	
1.75% on 7/1/99 and 1.5% on 1/1/00			\$270,908
Wage-Related Fringe Increases	29,932	40,186	41,503
Single Employees Full Premium Pick-up	10,391	0	0
Long-Term Disability Insurance	31,261	0	0
Total Estimated Incremental Costs	<u>266,962</u>	<u>302,500</u>	<u>312,411</u>
Annual Amount Above 1996-97 Level	266,962	569,462	881,873
Cumulative Total Above 1996-97 Provisions			\$ 1,718,297
Incremental Cost % of Salary Base	3.42%	3.75%	3.75%



Edward Harrington  
Controller

John W. Madden  
Chief Assistant Controller

July 29, 1997

Mr. John L. Taylor, Clerk of the Board  
Board of Supervisors  
401 Van Ness Avenue  
San Francisco, CA 94102

RE: SEIU Superior Court Bargaining Unit SC4

Dear Mr. Taylor:

In accordance with Ordinance 92-94, I am submitting a cost analysis of the Memorandum of Understanding between the City and County of San Francisco and Service Employees International Union, Superior Court Bargaining Unit SC 4. The agreement covers the period July 1, 1997 through June 30, 2000, and affects approximately 164 employees with a salary base of approximately \$7.8 million.

Based on our analysis, the agreement will result in estimated incremental costs of approximately \$267,000 in FY 1997-98, \$303,000 in FY 1998-99, and \$312,000 in FY 1999-00. The agreement will result in annual cost increases ranging from approximately 3.42% to 3.75% above base salaries over the three fiscal years. Please see Attachment A for specific cost estimates.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington  
Controller

cc: Vicki Rambo, ERD  
Harvey Rose, Budget Analyst





Item 4 - File 118-97-3

**Department:** Department of Public Health

**Item:** Ordinance amending Part II, Chapter V, of the San Francisco Municipal Code (Health Code) by amending Section 128 thereof, fixing patient rates for services furnished by City and County health care institutions, authorizing retroactively the effective date of July 1, 1997.

**Description:** The San Francisco Municipal Code requires the City to approve an ordinance each year fixing patient rates for services provided by City health care institutions. DPH reviews its charges for services each year and makes adjustments, when appropriate, to provide for a full recovery of costs. The proposed ordinance would fix patient rates for San Francisco General Hospital (SFGH), Primary Care Clinics, Laguna Honda Hospital (LHH), Community Mental Health Services, and Community Substance Abuse Services, authorizing retroactively the effective date of July 1, 1997.

Following a cost analysis, local rate surveys, and a review of reimbursement rates, DPH has determined that some increases in the rates for services are necessary to insure that DPH charges remain above the basis for cost reimbursement. The Attachment compares current rates with the proposed rates for the services provided by City health care institutions. Changes in rates for services include 5% increases in the inpatient services rate at San Francisco General Hospital, a 20% increase in the skilled nursing facility rate at Laguna Honda Hospital, and various increases for some substance abuse services. The proposed ordinance also includes a new rate for Substance Abuse Residential Medical Support for medical costs associated with treatment for patients in residential substance abuse treatment programs. DPH has not made any changes in the rates for primary care, including outpatient care at San Francisco General Hospital, mental health services, and most substance abuse services. According to Ms. Monique Zmuda of the Department of Public Health, the proposed increased rates are consistent with other Bay Area health care institutions, achieves consistency within the Community Health Network, the clinical delivery division for DPH, and provides for a full recovery of costs.

**Comment:** The Department of Public Health's FY 1997-98 budget includes approximately \$27 million in patient revenues coming from third party payors or from individuals who are

Memo to Finance Committee  
August 6, 1997 Finance Committee Meeting

able to pay for their medical bills. According to Ms. Zmuda, the FY 1997-98 budget is based on the rates contained in the proposed ordinance effective July 1, 1997.

**Recommendation:** Approve the proposed ordinance.

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 97-98

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 96-97	PROPOSED RATE FY 97-98	PERCENT CHANGE
<u>Community Health Network</u>				
<u>San Francisco General Hospital</u>				
In-Patient Care				
Medical Surgical	Day	962	1,010	5.0%
Intensive Care	Day	2,275	2,389	5.0%
Coronary Care	Day	2,165	2,273	5.0%
Chest-Pulmonary	Day	2,202	2,312	5.0%
Stepdown Units	Day	1,484	1,558	5.0%
Pediatrics	Day	962	1,010	5.0%
Obstetrics	Day	962	1,010	5.0%
Nursery				
New Born	Day	584	614	5.1%
Observation/Well Baby	Day	962	1,010	5.0%
Semi-Intensive Care	Day	1,321	1,387	5.0%
Intensive Care	Day	1,908	2,003	5.0%
Labor/Delivery - 6G	Day	962	1,010	5.0%
Labor/Delivery Hours of Stay	Hour	55	58	5.5%
Psychiatric Inpatient	Day	998	1,048	5.0%
Psychiatric Forensic Inpatient - 7L	Day	998	1,048	5.0%
AIDS Unit - 5-A	Day	962	1,010	5.0%
Security Unit - 7D	Day	962	1,010	5.0%
Skilled Nursing Facility	Day	415	436	5.1%
Mental Health Rehab. SNF	Day	415	436	5.1%
<u>Surgical Services</u>				
Minor Surgery Pre-Op Holding Room	Room	124	130	4.8%
Minor Surgery I (Come & Go)	1/4 Hour	177	185	4.5%
	1/2 Hour	352	370	5.1%
	3/4 Hour	529	555	4.9%
	Full 1 Hour	704	739	5.0%
	Ea. Add'l 1/4 Hr.	177	185	4.5%
Minor Surgery II	1st Hour	763	801	5.0%
	Ea. Add'l 1/2 Hr.	381	400	5.0%
Major Surgery Pre-Op Holding	Room	124	130	4.8%
Major Surgery I	1st Hour	1,138	1,195	5.0%

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 97-98

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 96-97	PROPOSED RATE FY 97-98	PERCENT CHANGE
	Add'l 1/2 Hour	397	417	5.0%
Major Surgery II	1st Hour	1,284	1,348	5.0%
	Add'l 1/2 Hour	410	431	5.1%
Major Surgery III	1st Hour	1,430	1,502	5.0%
	Add'l 1/2 Hour	529	555	4.9%
Extraordinary Surgery	1st Hour	1,614	1,694	5.0%
	Add'l 1/2 Hour	587	616	4.9%
Surgery (2 Teams)	Procedure	2,236	2,348	5.0%
	Add'l 1/2 Hour	751	789	5.1%
Surgery (3 Teams)	Procedure	2,900	3,045	5.0%
	Add'l 1/2 Hour	976	1,024	4.9%
Recovery Room	1st Hour	440	462	5.0%
	2nd Add'l Hour	105	111	5.7%
	3rd Add'l Hour	66	69	4.5%
Anesthesia	First 1/2 Hour	349	367	5.2%
	Add'l Minute	11	12	9.1%
Argon Laser Treatment	Procedure	1,154	1,211	4.9%
Therapeutic Abortion	Procedure	190	200	5.3%
Emergency Clinic				
Level I	Room	70	73	4.3%
Level II	Room	95	100	5.3%
Level III	Room	120	126	5.0%
Level IV	Room	222	233	5.0%
Level V	Room	507	532	4.9%
Level VI	Room	1,204	1,264	5.0%
Non-Critical Observation	0-2 Hours	70	73	4.3%
	2-4 Hours	203	213	4.9%
	4-6 Hours	349	366	4.9%
Critical Observation	0-2 Hours	203	213	4.9%
	2-4 Hours	406	426	4.9%
	4-6 Hours	602	632	5.0%
Resuscitation		1,204	1,264	5.0%

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 97-98

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 96-97	PROPOSED RATE FY 97-98	PERCENT CHANGE
<b>General Clinic</b>				
<b>Initial</b>				
Brief Exam	Visit	67	67	0.0%
Initial Intermediate	Visit	113	113	0.0%
Initial Comprehensive	Visit	235	235	0.0%
Targeted Case Management	Visit	135	135	0.0%
<b>Established Patient</b>				
Brief Exam	Visit	44	44	0.0%
Intermediate	Visit	67	67	0.0%
Comprehensive	Visit	158	158	0.0%
Use of Exam Room	Room	32	32	0.0%
<b>Primary Care</b>				
<b>Initial</b>				
Comprehensive Exam	Visit	175	175	0.0%
Extended Exam	Visit	125	125	0.0%
Intermediate Exam	Visit	95	95	0.0%
Limited Exam	Visit	65	65	0.0%
Targeted Case Management	Visit	135	135	0.0%
<b>Established Patient</b>				
Comprehensive Exam	Visit	150	150	0.0%
Extended Exam	Visit	75	75	0.0%
Intermediate Exam	Visit	50	50	0.0%
Limited Exam	Visit	35	35	0.0%
<b>Dental Services</b>				
Initial Complete Exam	Visit	35	35	0.0%
Periodic Exam	Visit	35	35	0.0%
Prophylaxis - Adult	Visit	50	50	0.0%
Prophylaxis - Child	Visit	45	45	0.0%
Extract Single Tooth	Visit	70	70	0.0%
One Surface, Permanent Tooth	Visit	65	65	0.0%
<b>Home Health Services</b>				
Skilled Nursing	Visit	147	147	0.0%
Home Health Aide Services	Visit	79	79	0.0%

**DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 97-98**

<b>TYPE OF SERVICE</b>	<b>UNITS OF SERVICE</b>	<b>CURRENT RATE FY 96-97</b>	<b>PROPOSED RATE FY 97-98</b>	<b>PERCENT CHANGE</b>
Medical Social Services	Visit	203	203	0.0%
Physical Therapy	Visit	141	141	0.0%
Occupational Therapy	Visit	141	141	0.0%
Speech Therapy	Visit	145	145	0.0%

**Laguna Honda Hospital****Regular Hospital Rates**

Acute	Day	875	875	0.0%
Rehabilitation	Day	875	875	0.0%
Skilled Nursing Facility	Day	250	300	20.0%

**All Inclusive Rates**

Acute	Per Diem	1,100	1,100	0.0%
Rehabilitation	Per Diem	1,100	1,100	0.0%
Skilled Nursing Facility	Day	290	350	20.7%

**Public Health****Community Mental Health Services****24-Hour Service**

Inpatient	24 Hours	850	850	0.0%
Skilled Nursing	24 Hours	415	415	0.0%
Crisis Residential	24 Hours	250	250	0.0%
Residential	24 Hours	125	125	0.0%

**Day Services**

Rehabilitation	Full Day	110	110	0.0%
Intensive	Full Day	190	190	0.0%
Intensive (children)	Half Day	200	200	0.0%
Crisis Socialization	Hour	50	50	0.0%
Crisis Stabilization	Hour	80	80	0.0%

**Outpatient Services**

Case Management Brokerage	Hour	100	100	0.0%
Mental Health Services	Hour	150	150	0.0%
Medication Support	Half Hour	120	120	0.0%
Crisis Intervention	Hour	375	375	0.0%



DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 97-98

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 96-97	PROPOSED RATE FY 97-98	PERCENT CHANGE
<u>Community Substance Abuse</u>				
Residential - Detoxification	24 Hours	70	80	14.3%
Residential	24 Hours	81	81	0.0%
Residential - Medical Support	24 Hours		200	n/a
Recovery Home	24 Hours	70	70	0.0%
Therapeutic Community	24 Hours	70	80	14.3%
Outpatient (include Detox)	Per Contract	108	108	0.0%
Methadone Treatment	Hour	26	26	0.0%
Naltrexone Treatment	Per Contract	45	45	0.0%
Prevention/Intervention	Hour	25	50	100.0%
Day Care - Habilitative	Per Contract	108	108	0.0%



Item 5 - File 172-97-51

**Department:** Sheriff's Department

**Item:** Resolution authorizing the San Francisco Sheriff's Department to enter into a one year agreement for Fiscal Year 1997-98 with Interactive Systems, LLC for an automated victim notification service known as VINE (Victim Information & Notification Everyday) which agreement provides for mutual indemnification from claims or other damages which may arise as a result of performance under said agreement.

**Amount:** Not to exceed \$69,000

<b>Source of Funds:</b>	Previously approved State Board of Corrections Grant	\$33,333
	General Fund monies approved in FY 1997-98 budget	<u>35,667</u>
	<b>TOTAL FUNDING</b>	<b>\$69,000</b>

**Term of Contract:** July 1, 1997 to June 30, 1998 (one year)

**Description:** Section 4024.4 of the State Penal Code requires that the Board of Supervisors establish a procedure for notifying victims, who have requested information pertaining to the release of detainees incarcerated at, or arrested and then released on bail from a county jail.

The proposed resolution would authorize the Sheriff's Department to enter into an Agreement for FY 1997-98 with Interactive Systems, LLC to provide: (a) victim notification services to victims requesting information regarding the release of detainees from the County Jails and (b) information, as requested by members of the general public, concerning the status of detainees. The proposed agreement contains a mutual indemnification provision between the Sheriff's Department and Interactive Systems, LLC, whereby each party would hold the other harmless from liability for damages arising from negligence or willful misconduct committed by either Interactive Systems, LLC or the City.

**Comments:** 1. In January 1997, the Board of Supervisors authorized the Sheriff's Department to enter into an agreement with Interactive Systems, LLC, for providing the above-indicated services. That agreement also provided for mutual indemnification from claims and other damages which arise as a result of performance under the agreement. (Resolution 45-97)

2. Sergeant James advises that the Board of Supervisors appropriated \$13,200 for installation costs for the VINE system in January 1997. According to Captain Dempsey, due to unexpected computer problems, the system is not yet in operation. It is estimated that the system will be operational on August 15, 1997. Under the proposed one year agreement for Fiscal Year 1997-98, the monthly payment by the City to Interactive Systems, LLC, for use of the system by the Sheriff's Department, would be \$5,750 for each month that the system is operational. It is estimated that such costs for FY 1997-98 will total \$60,375 for 10 1/2 months.

3. According to Sergeant Edwin James of the Sheriff's Department, under the proposed agreement with Interactive Systems, LLC, two services would be provided. The first service is notification to victims of the release of detainees from county jails. Sergeant James reports that no formal process to inform victims of the release of detainees from county jails was in place prior to the establishment of the VINE system. The second service component to be provided by Interactive Systems, LLC is a Jail Access Information Line (JAIL), an automated general information service, enabling members of the public to request general information about detainees. A fee of \$1.25 per telephone call would be charged by Interactive Systems to the callers for such information. Each month Interactive Systems, LLC will provide the City with 31% of the proceeds from the \$1.25 fee, or approximately \$0.39 per telephone call. These proceeds partially offset the \$5,750 monthly cost. Sergeant James advises that there are no estimates for the number of telephone calls from the general public that would be made.

4. Captain Dempsey advises that the Sheriff's Department selected Interactive Systems, LLC on a sole-source basis because Interactive Systems, LLC was the only vendor identified by the Sheriff's Department that had the technology to perform the necessary services. Sergeant James reports that Interactive Systems, LLC is not a MBE or a WBE firm. According to Mr. Brian Cheu of the Human Rights Commission, Interactive Systems, LLC is not registered as complying with the City's Equal Benefits Ordinance. According to Mr. Jeff Byal of Interactive Systems, LLC, Interactive Systems is working toward being certified as complying with the City's Equal Benefits Ordinance. According to Mr. Michael Cohen of the City Attorney's Office, Interactive Systems, LLC is required to comply with the City's Equal Benefits Ordinance.

- Recommendations:**
1. Amend the proposed resolution making approval of the agreement contingent on Human Rights Commission certification that the contractor is in compliance with the City's Equal Benefits Ordinance, as contained in Administrative Code Section 12B.
  2. Amend the proposed agreement for retroactive action previously taken.
  3. Based on the prior policy decision of the Board of Supervisors, approve the proposed resolution, as amended.





Item 6 - File 172-97-41

**Note:** This item was continued by the Finance Committee at its meeting of July 30, 1997.

**Item:** Resolution authorizing the City to enter into an agreement with the National Park Service for the use of a Compressed Natural Gas (CNG) facility in the Presidio.

**Description:** The Federal Department of Energy, through the Clean Air Act, encourages the use of clean-fuel vehicles by state and local government agencies. According to Mr. Rick Ruvolo of the City Administrator Office, the City is working aggressively to replace gasoline vehicles with clean-fuel vehicles in order to reduce hazardous vehicle emissions and improve air quality. The City currently has 100 compressed natural gas (CNG) vehicles, either in operation or on order.

The proposed resolution would authorize the City to enter into an agreement with Pacific Gas and Electric (PG&E) and the National Park Service (NPS) in order to establish a new CNG fueling facility at the Presidio to facilitate the City's use of CNG vehicles in the northern part of the City. According to Mr. Ruvolo, all of the City's 60 existing CNG vehicles are fueled at the PG&E facility on 19th and Harrison. A City fueling facility is currently under construction at 2323 Cesar Chavez and is proposed to be completed by the end of August 1997. Both of these facilities are in the southern part of the City, and there are no CNG fueling facilities in the northern part of the City, making operating CNG vehicles in the northern part of the City difficult.

Mr. Ruvolo reports, under the proposed agreement, the National Park Service would operate the CNG fueling facility at the Presidio, PG&E would provide the natural gas at a cost of approximately \$0.90-\$1.00 for an equivalent gallon of gasoline, and all three parties to the agreement, including the City, would be authorized to use the new facility at the Presidio. The City would have the right to use the facility for a period of five years at a rate of 28 vehicle fuelings per week.

According to Mr. Ruvolo, the proposed CNG refueling facility at the Presidio would increase the use of clean-fuel vehicles by NPS as well as the City. Mr. Ruvolo states that a facility in the northern part of the City would enable vehicles like police squad cars and street sweepers to operate near the Presidio that are currently unable to operate there because of the lack of a nearby fueling facility.

**Comments:**

1. The City, Pacific Gas & Electric (PG&E) and the National Park Service are members of the San Francisco Clean Cities Coalition, a Federal Department of Energy program that promotes the use of clean fuels. As of the writing of this report, the Coalition has raised a total of \$266,300 to establish the fueling facility at the Presidio -- \$200,000 in private funds including \$100,000 from PG&E, and \$100,000 from the Gas Research Institute, and \$66,300 in grant funds allocated by the San Francisco County Transportation Authority. PG&E will also donate in-kind services to establish the fueling facility.

2. Mr. Ruvolo advises that the City will not incur any additional costs as a result of entering into the proposed agreement other than the previously allocated \$66,300 in grant funds. Therefore, the City's contribution to this project is limited to \$66,300. Mr. Ruvolo further advises that the City will not submit any funds until the project is fully financed and a mutually acceptable Memorandum of Understanding (MOU) is signed by all parties.

3. On October 1, 1994, the Presidio was transferred from the jurisdiction of the U.S. Department of the Army to the U.S. Department of the Interior, for inclusion in the Golden Gate National Recreation Area (GGNRA), a unit of the National Park Service (NPS). The Presidio General Management Plan calls the Presidio to serve as a model of environmental sustainability and as a showcase for innovative environmental technology. As such, the General Management Plan calls for the establishment of partnership arrangements under which NPS and various park partners work together to promote park-related programs and activities. Mr. Ruvolo states that the proposed fueling facility would be such a program and would also serve as an educational demonstration project, showcasing the use of innovative environmental technology.

4. The proposed resolution contains an indemnification and hold harmless clause in which the City would indemnify and hold harmless the National Park Service from any claims or losses, including any hazardous material claims and losses, arising out of or in connection with the City's use of the fueling facility at the Presidio. According to Mr. Michael Cohen of the City Attorney's Office, the indemnification and hold harmless clauses are strongly worded in favor of the National Parks Service, but nonetheless are not unreasonable and are of the sort that the City routinely requires of its lessees.

5. In the attached letter, Mr. Ruvolo states that this agreement will not result in any General Fund costs to the City. Mr. Ruvolo advises that this project to establish a Compressed Natural Gas facility at the Presidio has a total estimated cost of \$296,300. This total estimated cost is \$30,000 more than the presently available funds of \$266,300. However, Mr. Ruvolo advises that an additional \$30,000 is expected be received from other grant funds.

6. According to Mr. Michael Cohen of the City Attorney's Office, the Equal Benefits Ordinance does not apply to this subject agreement with Pacific Gas & Electric and the National Park Service.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.



# OFFICE OF THE CITY ADMINISTRATOR

WILLIE L. BROWN, JR.  
MAYOR

WILLIAM L. LEE  
CITY ADMINISTRATOR

July 1, 1997

Mr. Harvey Rose  
Budget Analyst  
San Francisco Board of Supervisors  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

Ref: File #172-97-41, Presidio CNG Station Project

Dear Mr. Rose:

In response to questions raised by your staff, I am submitting the following information.

According to a memorandum received today from Pacific Gas & Electric, the Presidio CNG Station Project costs may require additional funds in the amount of twenty to thirty thousand dollars. This money would cover engineering and installation costs, and a cardkey reader system to collect data and facilitate billing.

We are confident that any project budget shortages will be met by additional grant funds. In any case, there will be no General Fund implications to the City and County of San Francisco.

Possible funding sources include the United States Department of Energy and/or additional grants from our two primary funders, PG&E and the Gas Research Institute.

Please call us if you have any additional questions.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rick Ruvo".

Rick Ruvo  
Commute Assistance Program  
Office of the City Administrator

cc: Bill Lee, City Administrator



Item 7 - File 93-96-30.2

**Note:** This item was continued by the Finance Committee at its meeting of July 23, 1997. The Committee requested that the Budget Analyst survey other cities in California to determine total compensation paid to the uniformed personnel of police departments in those jurisdictions.

**Department:** Department of Human Resources  
Employee Relations Division

**Item:** Ordinance implementing the provisions of Amendment No. 1 to the Memorandum of Understanding (MOU) between the San Francisco Police Officers Association, Local 911, Service Employees International Union (SEIU) and the City and County for Bargaining Units P-1, P-2A and P-2B, effective July 1, 1997 through June 30, 2001.

**Description:** **Background on Existing Police Officers Association MOU**

In October, 1996, the Board of Supervisors approved an MOU with the Police Officers Association (POA) for the five-year period from July 1, 1996 through June 30, 2001. The original MOU contained a provision that the MOU would be reopened on January 15, 1997 regarding all matters related to retirement benefits if a proposed Charter Amendment, Proposition E, submitted to the voters in November of 1996, was not approved by the electorate. Among other features, Proposition E would have allowed collective bargaining on retirement benefits for all City employees. Since the proposed Charter amendment was not adopted, the POA and the City have met and conferred on alternatives to improve retirement benefits for the uniform personnel of the Police Department. The results of this negotiation are reflected in the proposed ordinance.

The original MOU provided for the following schedule of salary increases for all ranks of the San Francisco Police Department's uniform employees:

- Retroactive to July 1, 1996, a salary increase of 2.0 percent;
- Effective January 1, 1997, a salary increase of 1.5 percent;
- Effective July 1, 1997, a salary increase of 2.0 percent;
- Effective January 1, 1998, a salary increase of 1.5 percent;
- Effective July 1, 1998, a salary increase of 2.0 percent;
- Effective January 1, 1999, a salary increase of 1.5 percent

In addition to the salary increases above, the MOU changed the premium pay for educational incentives. Police Officers with intermediate Peace Officer Standards and Training

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

(POST) certificates, who previously received a flat rate of \$30 biweekly in premium pay, are to be paid a premium of three percent of their base salaries beginning October 4, 1997 and, beginning October 1, 1998, be paid a premium of four percent of base salaries. For Police Officers holding an advanced POST certificate, the premium pay increased from the present flat rate amount of \$60 biweekly to 4.5 percent of their base pay beginning October 1, 1997 and six percent of their base pay effective October 1, 1998.

**Earlier Implementation of POST Premium Increases  
and Conversion of POST Premium to Base Wage  
Increase in Order to Increase Retirement Benefits**

This proposed First Amendment to the MOU would implement the first increase in intermediate and advanced-level POST premium pay, which was originally scheduled for October 4, 1997, to instead be retroactive to April 5, 1997, or six months earlier than had been previously approved by the Board of Supervisors.

The second increase, originally scheduled for October 1, 1998, would be implemented effective July 1, 1997, or 15 months earlier than had been previously approved by the Board of Supervisors. However, instead of providing this second increase in the form of an increase to the POST premium, effective July 1, 1997, all Police Officers with an intermediate POST certificate would receive a new higher rank and a four percent increase in their base pay in lieu of the four percent premium pay, and Police Officers with an advanced POST certificate would receive a new higher rank and a six percent increase in their base pay in lieu of the six percent premium pay. For example, a Q2 Police Officer with an intermediate POST certificate would become a Q3 Police Officer II at a four percent higher base pay and a Q2 Police Officer with an advanced POST certificate would become a Q4 Police Officer III with a six percent higher base pay. In other words, the proposed amendment to the POA MOU would convert the POST premiums to increases in the base pay of Police Officers who have POST certification.

The proposed MOU amendment, as described above, would result in increased costs to the City because:

√ The percentage increases for POST certificate holders would be implemented earlier than was originally agreed to in the POA MOU, previously approved by the Board of Supervisors.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



√ Increases to base rates of pay would also result in increases in overtime costs (if overtime is authorized for POST certificate holders) and fringe benefits that would not be incurred if POST certificate holders continued to receive premium pay instead of base pay increases. Overtime costs are based on 1.5 times the base pay rate, so increases to base pay also increase Overtime costs.

√ The City's retirement contribution costs would increase because Tier 1 Police Officers (those hired before November, 1976) and Tier 2 Police Officers (hired subsequent to a November, 1976 Charter Amendment that significantly lowered Police Retirement benefits) who hold POST certificates would receive increased retirement benefits based on the pay increases associated with the holders of POST certificates. Currently, the premiums paid to holders of POST certificates are not included in retirement benefit calculations.

### **Wellness Program**

The subject first amendment to the POA MOU would also establish a "Wellness Program" within the San Francisco Police Department. Under this program, covered employees with accrued sick leave of at least 300 hours, who use 30 hours or less of sick leave in a given year, would be entitled to cash out 50 hours of sick leave accrued during that fiscal year. Such payments by the City to the covered employee would not be considered as part of an employee's salary for the purpose of computing retirement benefits.

### **Estimated Cost:**

The proposed First Amendment to the POA MOU would have a fiscal impact on the City's General Fund and on the Retirement System. The Controller estimates that the subject ordinance would result in an incremental cost to the City's General Fund of approximately \$2,867,779 in FY 1997-98 and approximately \$282,088 in FY 1998-99, for a total cumulative cost, after rounding, of \$6,017,647 over the next two years of the POA MOU. The MOU contains a wage reopener for the last two fiscal years, FY 1999-2000 and FY 2000-2001, so the Controller has not estimated costs for these last two years of the MOU. A copy of the Controller's cost estimate is shown in Attachment No. 1 to this report. This estimate covers the estimated costs of early implementation of the POST premium increases, related increases to overtime and fringe benefits, and the anticipated cost of the Wellness Program. The Controller's cost estimate also shows the annual wage, premium and fringe benefit costs under the existing POA MOU provisions, and the combined, cumulative

total added costs of the wage, premium and fringe benefit costs of the existing POA MOU and this subject First Amendment.

The Controller advises that the costs associated with this subject First Amendment to the POA MOU could increase if either of the following occur: (1) A greater proportion of Police Officers obtain POST certification. Currently approximately 60 percent of Police Officers hold POST certificates; or (2) More than 50 percent of eligible Police Officers cash out 50 hours annually under the proposed Wellness Program.

The Controller also notes that a portion of the cost of the Wellness Program could be offset through savings in overtime pay related to backfilling of sick days, depending on usage and on management discretion.

The Budget Analyst concurs with the Controller's analysis and cost estimate.

The proposed ordinance would also increase retirement benefits for Police Officers with POST certificates, because of their higher base wages. Mr. Kieran Murphy of the Retirement System states that if 60 percent of Police Officers continue to hold POST certificates, the retirement-related cost of the change would be approximately \$2.1 million per year, and would increase as salaries rise pursuant to current and future POA MOUs. Mr. Murphy advises that, if all Police Officers were to obtain an Advanced POST certificate, the increased retirement cost would be approximately \$3.6 million per year, increasing as salaries rise, until the unfunded liability is paid off in 20 years, when the increased cost would be approximately \$1.6 million per year.

According to Mr. Murphy, because the Retirement System is currently overfunded, the new costs associated with this proposal could be absorbed for approximately 15 years at no cost to the General Fund. In years 16 to 20, the City would have an annual estimated cost of \$3.6 million, adjusted for salary increases. After 20 years, when the associated unfunded liability is paid off, the estimated increased cost would decrease to the level of approximately \$1.6 million per year. In a memorandum from Mr. Murphy included as Attachment No. 2 to this report, Mr. Murphy advises that the cost estimates related to the Retirement System include the Airport Police.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

**Comments:**

1. Retirement benefits for workers covered by the subject POA MOU are set in the Charter. As noted above, Proposition E, which would have, among other features, allowed collective bargaining on retirement benefits, was disapproved by the electorate in November of 1996. The subject Amendment No. 1 to the POA MOU would increase retirement benefits as a result of wage increases. The wage increases are based on conversion of the existing POST premiums into base salary increases. As such, the proposed Amendment No. 1 represents an indirect method of obtaining retirement benefit increases through collective bargaining of wage increases.

2. The proposed ordinance would not effect the retirement benefits of former Police Department sworn employees who have already retired.

3. Ms. Peg Stevenson of the Controller's Office states that the increased FY 1997-98 General Fund costs would be funded from the Salary and Benefits Reserve as established in the FY 1997-98 annual budget.

4. This proposed amendment to the MOU would improve retirement benefits for both Tier 1 and Tier 2 Police Officers, unlike the voter approved Firefighters retirement benefit improvement that only affected Tier 2 Firefighters

**Total Compensation  
Survey**

At the Finance Committee meeting of July 23, 1997, the Budget Analyst was directed to perform a total compensation survey to provide a comparison of the San Francisco Police Department (SFPD) with other police departments.

To perform the total compensation survey, the Budget Analyst surveyed the ten largest cities in California. The survey methodology employed by the Budget Analyst is outlined on the next page.

### **Total Compensation Survey Methodology**

#### **CLASSIFICATION SURVEYED**

The Police Officer classification has been selected as a benchmark for comparison purposes. Use of a single classification does not provide information on salary differentials between ranks (i.e. the percentage difference between a Captain and a Sergeant or between a Sergeant and an Officer).

#### **JURISDICTIONS SURVEYED**

The ten largest cities in California not including San Francisco. These cities are: Los Angeles, San Diego, San Jose, Long Beach, Oakland, Sacramento, Fresno, Santa Ana, Riverside, and Stockton.

#### **COMPENSATION ELEMENTS:**

##### **SALARY:**

Base salary at the top step.

##### **PREMIUM PAY:**

Only premiums that are widely available to police officers are included (i.e. POST Certificates, Educational premiums, Night Differential pay, longevity pay). Specialized premiums such as bomb squad, SWAT, and Motorcycle duty are not included.

##### **HEALTH COVERAGE:**

Average cost per employee for health and dental coverage.

##### **RETIREMENT BENEFITS:**

Since employer contribution for retirement is dependent on the funded status of the respective retirement plans, and such contributions do not necessarily reflect the future benefits for the employee or add to current compensation, the annual cost of the employer's retirement contribution is not included.

We have however included data on the maximum retirement benefit that can be earned by Officers, and compared such benefits to Tier 1 and Tier 2 San Francisco Police Officers. Tier 1 Police Officers are those hired before November, 1976, and Tier 2 Police Officers were hired subsequent to a November, 1976 Charter Amendment that significantly lowered Police Retirement benefits for Tier 2 members. As stated previously, this proposed amendment to the MOU would improve retirement benefits for both Tier 1 and Tier 2 Police Officers, unlike the voter approved Firefighters retirement benefit improvement that only affected Tier 2 Firefighters.

##### **EMPLOYEE RETIREMENT CONTRIBUTION "PICKUP":**

"Pickup" of employee contributions to retirement increases effectively increases compensation for officers. This benefit is therefore included in the survey.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

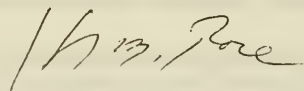


The results of the Police Officer total compensation survey of the ten largest Cities in California are shown in Attachment 3 to this report. The survey shows that, based on existing bargaining agreements and rates of pay, San Francisco Police Officers are fourth in total compensation, with the cities of Santa Ana, Oakland and San Jose exceeding San Francisco. San Francisco is sixth in base salary, exceeded by the cities of Santa Ana, Oakland, San Jose, Los Angeles and Fresno.

At the level of retirement benefits that would be achieved for San Francisco Police Officers if this MOU amendment is approved, Tier 1 SFPD Police Officers would be ranked fifth among the Cities surveyed (exceeded by Santa Ana, San Diego, San Jose and Oakland) and Tier 2 Police Officers would be ranked sixth exceeded by Santa Ana, San Diego, San Jose, Oakland and Fresno). At existing retirement benefit levels, if this MOU amendment is not approved, San Francisco Tier 1 Police Officers would be ranked sixth (exceeded by Santa Ana, San Diego, San Jose, Oakland and Fresno) and San Francisco Tier 2 Police Officers would be ranked last.

The Budget Analyst has requested that the Employees Retirement System Actuary, Mr. Kieran Murphy, determine the costs to the Retirement System if both this proposed MOU is approved and if the Police Officers Association receives voter approval at some future date to increase retirement benefits to a level now received by Tier 2 Firefighters. Mr. Murphy has informed the Budget Analyst that he will provide this information to the Finance Committee at the Committee's meeting of August 6, 1997.

**Recommendation:** Approval of the proposed ordinance is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom

Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Stephen Kawa  
Ted Lakey

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



## CITY AND COUNTY OF SAN FRANCISCO

## OFFICE OF THE CONTROLLER

Edward Harrington  
ControllerJohn W. Madden  
Chief Assistant Controller

July 18, 1997

Mr. John L. Taylor, Clerk of the Board  
Board of Supervisors  
401 Van Ness Avenue  
San Francisco, CA 94102

RE: Police Officers' Association MOU

Dear Mr. Taylor:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the MOU between the City and County of San Francisco and Local 911 SEIU Police Officers' Association. The amendment covers the period of July 1, 1997 through June 30, 2001, and affects approximately 1,250 of the 2,100 uniformed employees of the Police Department.

Based on our analysis, this amendment will result in estimated incremental costs of approximately \$2,868,000 in FY 1997-98, and \$282,000 in 1998-99. The existing MOU between the City and POA Local 911 already contains wage, premium pay and fringe benefit cost increases totaling approximately \$4.4 million in FY 1997-98 and \$4.6 million in FY 1998-99. Overall, the increased cost to the City of the existing MOU, and the proposed amendment, is an estimated \$7.3 million in FY 1997-98 and \$4.9 million in FY 1998-99. The estimated cumulative incremental costs of the MOU provisions and the proposed amendment over these two years of the current five year contract would be approximately \$19.5 million. Our cost analysis focuses on FY 1997-98 and FY 1998-99 as there are reopeners on salaries and other issues that would affect costs in the remaining years of the MOU. Finally, based on estimates by the Retirement System, the proposed amendment would increase retirement costs by between \$2 million and \$3.6 million annually. Specific provisions of the proposed amendment are described below, and Attachment A details the associated cost increases.

**Change to P.O.S.T. Premium Pay:** Approximately 1,250 officers are now receiving premium pay of \$30 or \$60 biweekly through attainment of Intermediate or Advanced Police Officer Standardized Training (P.O.S.T.) certification. The MOU currently specifies that the amount of the P.O.S.T. premium will change from the flat rates of \$30 or \$60 bi-weekly to 3% or 4.5% of base pay beginning in October 1997, and increasing to 4% or 6% of base pay in October 1998. The amendment would provide instead that officers will be retroactively paid at the 3% or 4.5% premium rate for the period from April 5, 1997 to July 1, 1997, and that officers will be paid at the 4% or 6% premium rate beginning July 1, 1997. As a practical matter, the proposed amendment would create new ranks at all levels and assign those officers who possess P.O.S.T. certificates to those ranks, i.e., a Q-2 Officer with an intermediate certificate will become a Q-3, and an officer with an advanced certificate will become a Q-4.

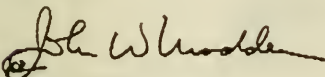


Under the amendment, P.O.S.T. increases would be included in current officers' base pay for purposes of calculating retirement benefits, but would not constitute an increase in benefits for retired officers. The Retirement System has estimated that this proposal will increase retirement costs by approximately \$2.0 million annually given the current number of personnel holding P.O.S.T. certification, increasing to an estimated \$3.6 million annually if up to 100 percent of personnel earn advanced P.O.S.T. certification.

**"Wellness" Program:** The amendment establishes a "Wellness" Program which allows officers who have accumulated 300 hours of sick leave, and who use less than 30 hours of sick leave in a fiscal year, to cash out up to 50 hours of sick leave annually at the end of the fiscal year. The cost of this program may be partially offset by savings due to decreased use of sick days and an associated decrease in use of overtime hours. However, the extent of the savings would largely depend on the department's management discretion in using overtime personnel. We have not included savings under this program in our cost estimate.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,



Edward M. Harrington  
Controller

cc: Vicki Rambo, ERD  
Harvey Rose, Budget Analyst

**P.O.S.T Premium Change  
Police Officers' Association MOU Amendment <sup>1</sup>  
Estimated Costs 1997-98 through 1998-99  
Controller's Office**

<u>Annual Incremental Costs/(Savings)</u>	<u>FY1997-98</u>	<u>FY 1998-99</u>
<b>P.O.S.T Premiums<sup>2</sup></b>		
Intermediate Certificate	\$233,042	\$30,027
Advanced Certificate	1,627,783	228,485
<b>Related Fringe Benefits</b>	169,707	23,576
<b>Overtime Cost</b>	436,000	0
<b>"Wellness" Program <sup>3</sup></b>	401,246	0
<b>Total Estimated Incremental Costs</b>	<u>2,867,779</u>	<u>282,088</u>
<b>Annual Amount Above Current Provisions</b>	2,867,779	3,149,867
<b>Cumulative Total Above Current Provisions</b>		<b>\$6,017,647</b>
<b>Incremental Cost % of Salary Base</b>	2.34%	0.22%
<b>Added Annual Wage, Premium, &amp; Fringe Benefit Costs Under Existing MOU Provisions</b>	<u>4,433,158</u>	<u>4,649,680</u>
<b>Total Incremental MOU and Amendment Costs</b>	<u>7,300,937</u>	<u>4,931,768</u>
<b>Annual Amount of MOU and Amendment Costs</b>	7,300,937	12,232,705
<b>Cumulative Total Added Costs</b>		<b>\$ 19,533,643</b>
<b>Overall Incremental Cost % of Salary Base</b>	5.96%	3.89%

**Notes**

<sup>1</sup> The MOU contains a wage reopener in fiscal years 1999-2000 and 2000-2001. We have not included any cost estimates for these final years of the MOU.

<sup>2</sup> Amounts are based on the approximately 60% of SFPD members who currently hold P.O.S.T. certifications. As additional members gain certification, costs will increase. For example, if an additional 20% of members achieved advanced P.O.S.T certifications by July 1, 1998, the salary and fringe benefit cost to the city under the proposed MOU amendment would increase by approximately \$813,000 annually beginning in FY 1998-99.

<sup>3</sup> Assuming that 50% of eligible officers cash out 50 hours annually. A portion of the cost of the Wellness Program could be offset through savings in sick pay and overtime pay, depending on usage and on management discretion.

## City and County of San Francisco

San Francisco City and County  
Employees' Retirement System

July 17, 1997

TO: John L. Taylor  
Clerk of the Board

FROM: Kieran Murphy *Km*  
Actuary

RE: File No. 93-96-30.2. Ordinance implementing an amendment to the MOU between the San Francisco Police Officers Association and the City and County of San Francisco, effective July 1, 1997 through June 30, 2001.

The above proposed ordinance would, in part, affect retirement benefits for a group of San Francisco employees. This memo is intended to provide the cost and effect report on the retirement-related parts of the proposal which is required under Section 8.500 of the Charter.

This memo is identical to one dated July 9, 1997 (File No. 93-96-30.1), except for minor increases in costs because of the inclusion of Airport Police in the changes.

cc: Willie L. Brown, Mayor  
Susan Leal, Chair, Finance Committee  
Barbara Kaufman, Vice-chair, Finance Committee  
Amos Brown, Supervisor  
Ed Harrington, Controller  
Louise Renne, City Attorney  
Harvey Rose, Budget Analyst  
Steve Agostini, Budget Director

RETIREMENT SYSTEM REPORT ON ORDINANCE IMPLEMENTING  
AMENDMENT TO MOU BETWEEN SAN FRANCISCO POLICE  
OFFICERS' ASSOCIATION AND THE CITY AND COUNTY OF SAN  
FRANCISCO, EFFECTIVE JULY 1, 1997 THROUGH JUNE 30, 2001.  
(FILE NO. 93-96-30.2)

### **The Proposal**

The proposal would add two new sets of ranks to the set now used to classify San Francisco Police Officers. Transfer from current ranks to the new ranks would take place on an individual basis and would be based on whether the employee held an Intermediate Post certification or Advanced Post certification.

The new ranks would carry a higher level of base pay than current ranks; specifically, the ranks in which Police Officers with Intermediate Post certificates would be placed would have a 4% higher level of pay than the associated current ranks; the ranks in which Police Officers with Advanced Post certificates would be placed would have a 6% higher level of pay than the associated current ranks.

For Officers in the new ranks, retirement allowances would be increased because of the higher level of base pay associated with the rank.

### **Effect of the Proposal**

The proposal would have the practical effect of including Post premium pay in Police Officer retirement calculations. Until now, premiums have been paid to Police Officers who possessed Post certificates; however, those premiums were not included in retirement calculations.

Given that Post premiums, once begun, become a fixed part of each Officer's career compensation, it is appropriate that they be included in retirement calculations. The inclusion would also bring San Francisco more in line with standard practice throughout California.

Because the salaries of current ranks are unaffected, retirement allowances for current Police retirees will not be increased by this change. However, retirement allowances for current Police retirees will be increased by 3% effective July 1, 1997, based on provisions of Proposition C which was passed by San Francisco voters in November 1996. Additional increases may be paid to current Police retirees on January 1, 1998 based on scheduled increases in salaries of the current ranks.

### Cost of the Proposal

The cost of the proposal will depend on how many Police Officers receive Post certification and join the new ranks before they retire. At this time, about 50% of San Francisco Police Officers hold an Advanced Post certification and an additional 10% hold an Intermediate Post certification. If the same percentages were to continue through to retirement, the retirement-related cost of the change would be approximately \$2.1 million per year, increasing with salaries.

It seems more likely, however, that increased percentages of Police Officers will obtain Post certificates and therefore that the cost will be higher. The highest possible cost would be if *all* Police Officers were to obtain an Advance Post certificate before retirement. In that case, the cost would be approximately \$3.6 million per year, increasing with salaries. After 20 years when the associated unfunded liability is paid off, the increased cost would decrease to the equivalent of approximately \$1.6 million per year.

[There is a clause in the contract which cancels the above changes and requires a retroactive recalculation of retirement benefits. If that were to happen, the increased retirement costs would probably be minimal.]

Because of the overfunded status of the Retirement System, it is expected that if the proposal were to be approved the cost would be deferred until the current surplus is amortized - about 15 years from now.



Total Compensation Survey - Police Officer

City	Annual Police Officer base salary @ top step (1997-98)	Maximum POST/Educational Premium (Advanced POST or BA degree)	Employer "Pick Up" of Employee Retirement Contribution	Dollar Value of Pick Up	Uniform Allowance	Average Health and Dental Coverage	Total Current Compensation
Santa Ana	\$56,328	\$8,449	9%	\$5,070	\$125	\$5,846	\$75,818
Oakland	58,882	2,355	9%	5,299	650	5,748	72,935
San Jose	58,965	4,422	0	0	675	4,300	68,362
San Francisco (Proposed)	54,144	3,249	7.5%	4,061	521	4,566	66,540
Los Angeles	55,577	1,085	0	0	650	5856	63,168
Fresno	54,816	1,664	0	0	630	4,644	61,754
Riverside	46,968	4,800	9%	4,227	253	5,364	61,612
Long Beach	48,276	3,442	7%	3,379		5,765	60,862
Stockton	45,984	4,139	9%	4,139	700	5,832	60,793
San Diego	50,216	1,664	8%	4,017	600	3,605	60,102
Sacramento	42,613	9,375	0	0	750	5,621	58,359



# Total Compensation Survey - Police Officer

## Additional Items Included in Base for Retirement Calculation

City	Maximum Retirement Benefit (as pct of compensation)	Holiday Pay	POST/ Educational Premium	Uniform Allowance	Annual Retirement Benefit	Notes
Santa Ana	75%	Yes	Yes	Yes	\$48,677	
San Diego	90%	Yes	No	Yes	45,734	
San Jose	75%	Yes	No	Yes	44,224	
Oakland	75%	No	No	No	44,162	
San Francisco Tier 1 (Proposed)	75%	No	Proposed	No	43,044	Maximum POST premium of 6% would become part of salary.
Fresno	75%	Yes	Yes	Yes	42,833	Tier 2 benefits for officers hired since 1990.
San Francisco Tier 2 (Proposed)	70%	No	Proposed	No	40,175	Maximum POST premium of 6% would become part of salary.
Los Angeles	70%	No	Yes	No	40,071	Salary includes incentive for uniform duty
Sacramento	75%	Yes	Yes	Yes	39,554	
Riverside	75%	Yes	Yes	Yes	39,016	
Long Beach	75%	Yes	Yes	Yes	38,789	Tier 2 benefits for officers hired since 1990.
Stockton	75%	Yes	Yes	Yes	38,117	

## Existing San Francisco Benefits:

San Francisco Tier 1	75%	No	No	No	40,608	
San Francisco Tier 2	70%	No	No	No	37,901	



CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

DOCUMENTS DEPT

August 4, 1997

AUG 06 1997

SAN FRANCISCO  
PUBLIC LIBRARY

**To:** Finance Committee

**From:** Budget Analyst

**Subject:** Revision to Previously Reported Total Compensation Data for Police Officers (Item 7, File 93-96-30.2 on the Finance Committee Calendar of August 6, 1997)

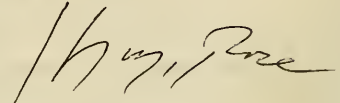
In performing our Police Officer Total Compensation survey of the ten largest cities in California, not including the City of San Francisco, we inadvertently included the City of Stockton, the 11th largest city in California (not including San Francisco) instead of the City of Anaheim, which is the 10th largest city in California. The tables on the attached two pages are revised to omit Stockton and include Anaheim. We also increased the base salary for Oakland to reflect the City of Oakland's average longevity pay of \$750 annually per Police Officer.

These two adjustments do not significantly change the results of the survey. The results of the Police Officer total compensation survey of the ten largest Cities in California are shown in the Attachment to this report. The revised survey shows that, based on existing bargaining agreements and rates of pay, San Francisco Police Officers remain fourth in total compensation, with the Cities of Santa Ana, Oakland and San Jose exceeding San Francisco. San Francisco remains sixth in base salary, exceeded by the Cities of Santa Ana, Oakland, San Jose, Los Angeles and Fresno. These results are the same as contained in our previous report, issued on August 1, 1997 for Item 7, File 93-96-30.2.

At the level of retirement benefits that would be achieved for San Francisco Police Officers if this MOU amendment is approved, Tier 1 SFPD Police Officers would be ranked sixth (instead of fifth as previously reported) among the Cities surveyed (exceeded by Santa Ana, San Diego, Oakland, San Jose, and Anaheim) and Tier 2 Police Officers would be ranked seventh (instead of sixth as previously reported) among the Cities surveyed (exceeded by Santa Ana, San Diego, Oakland, San Jose, Anaheim and Fresno). At existing retirement benefit levels, if this MOU amendment is not approved, San Francisco Tier 1 Police Officers would be ranked

Memo to Finance Committee  
August 4, 1997

seventh (instead of sixth as previously reported) among the cities surveyed (exceeded by Santa Ana, San Diego, Oakland, San Jose, Anaheim and Fresno) and San Francisco Tier 2 Police Officers would continue to be ranked last.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom

Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Stephen Kawa  
Ted Lakey

# Total Compensation Survey - Police Officer

City	Annual Police. Officer base salary @ top step (1997-98)	Maximum POST/Educational Premium (Advanced POST or BA degree)	Employer "Pick Up" of Employee Retirement Contribution	Dollar Value of Pick Up	Uniform Allowance	Average Health and Dental Coverage	Total Current Compensation
Santa Ana	\$56,328	\$8,449	9%	\$5,070	\$125	\$5,846	\$75,818
Oakland /1	59,632	2,385	9%	5,367	650	5,748	73,782
San Jose	58,965	4,422	0	0	675	4,300	68,362
San Francisco (Proposed)	54,144	3,249	7.5%	4,061	521	4,566	66,540
Anaheim	52,021	6,503	0	1,788	0	5,557	65,868
Los Angeles	55,577	1,085	0	0	650	5,856	63,168
Fresno	54,816	1,664	0	0	630	4,644	61,754
Riverside	46,968	4,800	9%	4,227	253	5,364	61,612
Long Beach	48,276	3,442	7%	3,379		5,765	60,862
San Diego	50,216	1,664	8%	4,017	600	3,605	60,102
Sacramento	42,613	9,375	0	0	750	5,621	58,359

1/ Oakland Salary includes Department wide average longevity pay of \$750 annually.

# Total Compensation Survey - Police Officer

## Additional Items Included in Base for Retirement Calculation

City	Maximum Retirement Benefit (as pct of compensation)	Holiday Pay	POST/ Educational Premium	Uniform Allowance	Annual Retirement Benefit	Notes
Santa Ana	75%	Yes	Yes	Yes	\$48,677	
San Diego	90%	Yes	No	Yes	45,734	
Oakland	75%	No	No	No	44,724	
San Jose	75%	Yes	No	Yes	44,224	
Anaheim	75%	Yes	Yes	Yes	43,893	Maximum POST premium of 6% would become part of salary.
San Francisco Tier 1 (Proposed)	75%	No	Proposed	No	43,044	Tier 2 benefits for officers hired since 1990.
Fresno	75%	Yes	Yes	Yes	42,833	Maximum POST premium of 6% would become part of salary.
San Francisco Tier 2 (Proposed)	70%	No	Proposed	No	40,175	Salary includes incentive for uniform duty
Los Angeles	70%	No	Yes	No	40,071	
Sacramento	75%	Yes	Yes	Yes	39,554	
Riverside	75%	Yes	Yes	Yes	39,016	Tier 2 benefits for officers hired since 1990.
Long Beach	75%	Yes	Yes	Yes	38,789	

## Existing San Francisco Benefits:

San Francisco Tier 1	75%	No	No	No	40,608	
San Francisco Tier 2	70%	No	No	No	37,901	



# CALENDAR

## Finance Committee Board of Supervisors City and County of San Francisco

REGULAR MEETING

DOCUMENTS DEPT.

AUG 10 1997

SAN FRANCISCO  
PUBLIC LIBRARY

WEDNESDAY, AUGUST 13, 1997, 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE, ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

❖ ❖

### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, AUGUST 13, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 54-97-7. [Community Outreach/Constituent Liaison] Motion directing the Clerk to seek a Supplemental Appropriation and to take other steps necessary to appoint one Community Outreach/Constituent Liaison for each Supervisor. (Supervisors Katz, Ammiano, Teng, Yee, Brown)

ACTION:

2. File 101-97-9. [Appropriation, Board of Supervisors] Ordinance appropriating \$384,905, Board of Supervisors from the General Fund Reserve for salaries and fringe benefits for the creation of eleven (11) positions (8.0 full time equivalent) and the abolishment of one (1) position, for fiscal year 1997-98; companion measure to File 102-97-3. RO #97030. (Controller)

ACTION:

3. File 102-97-3. [Salary Ordinance Amendment, Board of Supervisors] Ordinance amending Annual Salary Ordinance 1997/98, Board of Supervisors, reflecting the creation of eleven (11) positions (Class 1364 Special Assistant V) and the deletion of one (1) position (Class 1361 Special Assistant II); companion measure to File 101-97-9. (Department of Human Resources)

ACTION:

4. File 170-97-2. [Equipment Lease Supplement No. 6] Ordinance approving the form of and authorizing execution and delivery by the City and County of San Francisco of an Equipment Lease Supplement No. 6 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes, a related Certificate of Approval and a Continuing Disclosure Certificate; approving the issuance of Lease Revenue Bonds by said nonprofit Corporation in an amount not to exceed Fourteen Million Dollars (\$14,000,000); providing for reimbursement to the City of certain City expenditures incurred prior to the issuance of Lease Revenue Bonds; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Mayor)

ACTION:

5. File 97-97-41. [Debt Service Saving, Refunding Bonds] Ordinance amending Administrative Code by adding Chapter 78, to provide for debt service savings test for issuance of certain Refunding Bonds without voter approval. (Mayor)

ACTION:

6. File 97-97-40. [Contract, Hazardous Materials Abatement Work] Ordinance amending the Administrative Code by adding Section 6.08 thereto, providing for the selection of contractors to perform hazardous materials abatement work on public works projects. (Department of Public Works)

ACTION:

7. File 101-94-107.6. [Reserved Funds, Port] Hearing to consider release of reserved funds, Port (S.F. Harbor Operating Fund), in the amount of \$401,780 for Ferry Building Shear Wall Modifications. (Port)

ACTION:

8. File 47-97-3. [Award of Management Agreement] Resolution confirming award of the Management Agreement for the operation of the St. Mary's Square Garage and the 16th & Hoff Garage, to Parking Concepts, Inc./Daja, Inc. (Real Estate Department)

ACTION:

9. File 101-96-61.1. [Reserved Funds, Department of Environment] Hearing to consider release of reserved funds, Department of the Environment, in the amount of \$7,000, to fund the cost of installing telephone and data lines in their new office space at 1540 Market Street. (Department of the Environment)

ACTION:

10. File 97-97-39. [Environmental Review Actions] Ordinance amending Administrative Code Chapter 31 to extend the September 30, 1997, Sunset Clause to June 30, 1998, for environmental review actions, activities and procedures; companion measure to File 115-97-11. (Excluded from environmental review requirements of the California Quality Act as non-physical project for modification of fee and rate structures). (Planning Department)

ACTION:

11. File 115-97-11. [Extend Planning Dept. Fee Sunset Clause] Ordinance amending Planning Code Article 3.5A by amending Section 539 to extend the September 30, 1997 Sunset Clause to June 30, 1998, for Planning Department actions, activities and services; companion measure to File 97-97-39. (Planning Department)

ACTION:

12. File 271-97-8. [CEQA Findings and General Plan Amendments] Resolution adopting CEQA findings and General Plan amendments approving amendments to the San Francisco General Plan in order to approve acquisition of Lot 3 in Assessor's Block 3639, by the City and County of San Francisco, to establish a new park in the Tenderloin/north of Market neighborhood and a new park in the Mission District. The amendments were adopted by the City Planning Commission by Resolution No. 14427, and Resolution No. 14429 on July 24, 1997, incorporating by reference findings pursuant to the California Environmental Quality Act as analyzed in the Certificate of Determination/Exclusion from Environmental Review for the amendments to the Recreation and Open Space Element of the General Plan, Files No. 96.332EMR and 97.351EMR; companion measure to Files 84-97-4, 84-97-5, 168-7-2. (Planning Department)

(Pursuant to Government Code Section 65009, the following notice is hereby given: If you challenge the approval of Files 271-97-8, 84-97-4, 84-97-5, 168-7-2 in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors at, or prior to, the public hearing.)

ACTION:

13. File 84-97-5. [Property Acquisition, Tenderloin District] Resolution approving and authorizing an agreement for purchase and sale of real property in the Tenderloin District generally described as 201 Hyde Street (Lot 3 in Assessor's Block 336), for open space purposes and adopting findings pursuant to Planning Code Section 101.1; companion measure to Files 271-97-8, 84-97-4, 168-97-2. (Supervisor Leal)

ACTION:

14. File 168-97-2. [Eminent Domain, Lots 5 and 5A, Block 3639] Motion directing the Board of Supervisors to hold a public hearing to consider adopting a resolution of necessity in connection with a proposal to acquire by eminent domain Lot Nos. 5 and 5A in Assessor's Block 3639 (23rd and Treat Streets) in San Francisco for the Open Space Program; companion measure to Files 271-97-8, 84-97-4. (Real Estate Department)

ACTION:

15. File 84-97-4. [Acquisition by Eminent Domain, 23rd and Treat] Resolution authorizing acquisition of Lot Nos. 5 and 5A in Assessor's Block 3639 (23rd and Treat Streets) by eminent domain for the Open Space Program, and to adopt findings pursuant to City's General Plan and Planning Code Section 101.1; companion measure to Files 271-97-8, 168-97-2. (Supervisor Leal)

ACTION:

16. File 60-97-4.1. [Ballot Argument, Water System Reliability/Seismic] Hearing to consider submitting ballot argument in favor of proposition relating to revenue bonds in an amount not to exceed \$157,000,000 for water system reliability and seismic safety improvements. (Supervisor Yaki)

ACTION:

17. File 60-97-5.1. [Ballot Argument, Safe Drinking Water Bonds] Hearing to consider submitting ballot argument in favor of proposition relating to revenue bonds in an amount not to exceed \$147,000,000 for safe drinking water improvements. (Supervisor Yaki)

ACTION:

18. File 101-97-5. [Appropriations Limit, Fiscal Year 1997-98] Resolution establishing the appropriations limit for fiscal year 1997-98 pursuant to California Constitution Article XIII B. (Controller)

ACTION:

19. File 74-97-1. [Tax Rate Setting, CCSF, FY 1997-98] Ordinance providing revenue and levying taxes for City and County purposes for the fiscal year ending June 30, 1998. RO #97045. (Controller)

ACTION:

20. File 74-97-2. [Tax Rate Setting, SFUSD, FY 1997-98] Ordinance providing revenue and levying taxes for San Francisco Unified School District purposes for the fiscal year ending June 30, 1998. RO #97046. (Controller)

ACTION:

21. File 74-97-3. [Tax Rate Setting, SF Community College, FY 1997-98] Ordinance providing revenue and levying taxes for San Francisco Community College District purposes for the fiscal year ending June 30, 1998. RO #97047. (Controller)

ACTION:

22. File 101-97-7. [Appropriation, Art Commission] Ordinance amending the Annual Appropriation Ordinance for fiscal year 1997-98, File Number 101-97-2, Ordinance Number 306-97, adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 16.106. RO #97052. (Controller)

ACTION:



## LEGISLATION UNDER THE 30-DAY RULE

File No. 69-97-2, Constituent Liaison, Board of Supervisors, Motion, (Supervisor Katz), 30 day Rule expires 8/13/97.

File No. 97-97-42, Grant Procedures, Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-43, Claims/Litigation Settlement Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-44, Employee Claims Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-45, State Disability Insurance Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 127-97-8, Taxation, Domestic Partner Owned Business, Ordinance, (Supervisor Leal), 30 day Rule expires 9/3/97.

Watch future calendars for scheduling of these matters.

## FINANCE COMMITTEE

S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!



CITY AND COUNTY



OF SAN FRANCISCO

DOCUMENTS DEPT.

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

AUG 14 1997  
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**REVISED**

August 8, 1997

**TO:** Finance Committee  
**FROM:** Budget Analyst *Recommendation for action*  
**SUBJECT:** August 13, 1997 Finance Committee Meeting

Items 1, 2 and 3 - Files 54-97-7, 101-97-9 and 102-97-3

**Department:** Board of Supervisors

**Items:** Motion directing the Clerk of the Board to seek a supplemental appropriation and to take other steps necessary to appoint one Constituent Liaison position for each member of the Board of Supervisors (File 54-97-7).

Supplemental appropriation for the salaries and mandatory fringe benefits to fund 11 new positions and eliminate one existing position for the Board of Supervisors (File 101-97-9).

Annual Salary Ordinance amendment to create 11 new 1364 Special Assistant V positions and to eliminate one existing 1361 Special Assistant II position (File 102-97-3).

**Amount:** \$384,905

**Source of Funds:** General Fund Reserve

Memo to Finance Committee  
August 13, 1997 Finance Committee Meeting

<b>Budget:</b>	Permanent Salaries	\$305,836
	Mandatory Fringe Benefits	<u>79,069</u>
	<b>Total</b>	<b>\$384,905</b>

The 11 proposed new 1364 Special Assistant V positions would be authorized to be paid between \$33,539 and \$40,664 on an annual basis, for FY 1997-98, as shown based on the following existing five steps of the salary schedule:

	<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
<b>Biweekly</b>	\$1,285	\$1,349	\$1,414	\$1,484	\$1,558
<b>Annual</b>	\$33,539	\$35,209	\$36,905	\$38,732	\$40,664

In addition to the above current rates, each of the proposed new positions would receive a 1.25 percent increase in salary as of December 27, 1997.

The proposed amendment to the FY 1997-98 Annual Salary Ordinance (File 102-97-3) is currently as follows:

	<u>Number of Positions</u>	<u>Class</u>	<u>Title</u>	<u>Biweekly Salary</u>	<u>Maximum Annual Salary</u>
Add	11	1364	Special Assistant V	\$1,285-\$1,558	\$40,664
Delete	1	1361	Special Assistant II	\$1,050-\$1,270	\$33,147

On an annual basis the maximum annual salary cost for the 11 new positions would be \$447,304 for FY 1997-98. Including annual fringe benefits of \$118,843 (26.6 percent), the total annualized cost of the 11 new positions is \$566,147. However, with the elimination of the one 1361 Special Assistant II position (\$33,147 plus fringes of \$8,807), the net annualized maximum cost of the proposed legislation is \$524,193 based on FY 1997-98 data.

**Description:**

The proposed motion directs the Clerk of the Board of Supervisors to request the necessary supplemental appropriation and related legislation, through the Mayor's Office, to fund the position of Constituent Liaison for each member of the Board of Supervisors (File 69-97-2). The proposed supplemental appropriation would fund the salaries and related fringe benefits for 11 new 1364 Special Assistant V positions for the Board of Supervisors (File 101-97-9). The proposed amendment to the Annual Salary Ordinance (File 102-97-3) would create these 11

new 1364 Special Assistant V positions and eliminate one existing 1361 Special Assistant II position.

According to the proposed motion, there are three major aspects of the offices of the Board of Supervisors, which include: (1) office administration and scheduling, (2) legislative research and development and (3) community relations. Currently, each member of the Board of Supervisors has two 1835 Legislative Assistant positions, for a total of 22 1835 Legislative Assistant positions, which are responsible for handling all of this work. The proposed motion states that responding to the volume of constituent requests and questions that are received by telephone, mail, e-mail, fax and other forms of communication has become a full-time job. Therefore, according to the proposed motion, creation of a position of Constituent Liaison would ensure responsive constituent services and provide the full staffing necessary to cover the major aspects of the Board of Supervisors responsibilities.

The proposed supplemental appropriation (File 101-97-9) includes funding for 11 new 1364 Special Assistant V positions to begin September 15, 1997. In addition, the proposed legislation (Files 101-97-9 and 102-97-3) includes the elimination of one 1361 Special Assistant II position as of September 15, 1997. The one 1361 Special Assistant II position, to be eliminated, was created in early 1997 to perform the duties of Assistant to the President of the Board of Supervisors. This one 1361 Special Assistant II position would be replaced with the higher level 1364 Special Assistant V position, which all members of the Board of Supervisors would receive, if the proposed legislation is approved. The FY 1997-98 maximum annual salary of the 1361, Special Assistant II position, which would be eliminated if the proposed legislation is approved, is \$33,147 or \$7,517 less than the maximum annual salary of \$40,664 for the proposed new 1364 Special Assistant V (Constituent Liaison) position.

**Comments:**

1. According to the Office of the Sponsor of the proposed legislation, their office often receives between 20 to 40 telephone calls each hour, including voice mail, an estimated 50 to 100 pieces of mail each day, approximately 350 to 500 e-mail messages each week and requests to attend an average of 10 to 20 community meetings each week. Many of these calls, letters, messages and attendance at meetings would be handled

by the proposed new 1364 Special Assistant V (Constituent Liaison) position.

2. The proposed legislation does not include any additional funds for office furniture, computer equipment or supplies for the 11 new positions. However, Mr. John Taylor, the Clerk of the Board reports that additional funds were included in the Board of Supervisors' FY 1997-98 budget to enable each office of the Board of Supervisors to receive one additional personal computer. According to Mr. Taylor, these new computers are currently on order and should be arriving shortly. In addition, the Office of the Sponsor reports that the Supervisors' offices currently have additional desks and chairs that could be used by the proposed new staffpersons.

3. The Board of Supervisors existing 1835 Legislative Assistant positions are currently paid between \$44,109 and \$53,583, based on the approved FY 1997-98 compensation rates. As previously discussed, each member of the Board of Supervisors has two 1835 Legislative Assistant positions.

4. As noted above, the net maximum annualized salary and fringe benefit cost for the proposed 11 new positions, including the elimination of one existing position, would be \$524,193. However, since it is anticipated that (1) the new positions would not be hired until September 15, 1997, and (2) funds have been provided in the appropriation ordinance (101-97-9) to hire the new positions at the third step rather than the top step, the total net salary and fringe benefit cost for the 11 new positions for the balance of the nine and one-half months of Fiscal Year 1997-1998 would be \$384,905, as requested. Mr. John Taylor, the Clerk of the Board of Supervisors reports that he anticipates hiring the 1364 Special Assistant V positions at the Step 1 level.

**Recommendation:**

Approval of the proposed legislation is a policy matter for the Board of Supervisors.

CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

August 8, 1997

**TO:** Finance Committee

**DOCUMENTS DEPT.**

**FROM:** Budget Analyst *Recon - Budget Analyst*

**AUG 12 1997**

**SUBJECT:** August 13, 1997 Finance Committee Meeting

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Memo to Finance Committee  
August 13, 1997 Finance Committee Meeting

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**Description:**

The proposed motion directs the Clerk of the Board of Supervisors to request the necessary supplemental appropriation and related legislation, through the Mayor's Office, to fund the position of Constituent Liaison for each member of the Board of Supervisors (File 69-97-2). The proposed supplemental appropriation would fund the salaries and related fringe benefits for 11 new 1364 Special Assistant V positions for the Board of Supervisors (File 101-97-9). The proposed amendment to the Annual Salary Ordinance (File 102-97-3) would create these 11 new 1364 Special Assistant V positions and eliminate one existing 1361 Special Assistant II position.

According to the proposed motion, there are three major aspects of the offices of the Board of Supervisors, which include: (1) office administration and scheduling, (2) legislative research and development and (3) community relations. Currently, each member of the Board of Supervisors has two 1835 Legislative Assistant positions, for a total of 22 1835 Legislative Assistant positions, which are responsible for handling all of this work. The proposed motion states that responding to the volume of constituent requests and questions that are received by telephone, mail, e-mail, fax and other forms of communication has become a full-time job. Therefore,



according to the proposed motion, creation of a position of Constituent Liaison would ensure responsive constituent services and provide the full staffing necessary to cover the major aspects of the Board of Supervisors responsibilities.

The proposed supplemental appropriation (File 101-97-9) includes funding for 11 new 1364 Special Assistant V positions to begin September 15, 1997. In addition, the proposed legislation (Files 101-97-9 and 102-97-3) includes the elimination of one 1361 Special Assistant II position as of September 15, 1997. The one 1361 Special Assistant II position, to be eliminated, was created in early 1997 to perform the duties of Assistant to the President of the Board of Supervisors. This one 1361 Special Assistant II position would be replaced with the higher level 1364 Special Assistant V position, which all members of the Board of Supervisors would receive, if the proposed legislation is approved. The FY 1997-98 maximum annual salary of the 1361, Special Assistant II position, which would be eliminated if the proposed legislation is approved, is \$33,147 or \$7,517 less than the maximum annual salary of \$40,664 for the proposed new 1364 Special Assistant V (Constituent Liaison) position.

**Comments:**

1. According to the Office of the Sponsor of the proposed legislation, their office often receives between 20 to 40 telephone calls each hour, including voice mail, an estimated 50 to 100 pieces of mail each day, approximately 350 to 500 e-mail messages each week and requests to attend an average of 10 to 20 community meetings each week. Many of these calls, letters, messages and attendance at meetings would be handled by the proposed new 1364 Special Assistant V (Constituent Liaison) position.

2. The proposed legislation does not include any additional funds for office furniture, computer equipment or supplies for the 11 new positions. However, Mr. John Taylor, the Clerk of the Board reports that additional funds were included in the Board of Supervisors' FY 1997-98 budget to enable each office of the Board of Supervisors to receive one additional personal computer. According to Mr. Taylor, these new computers are currently on order and should be arriving shortly. In addition, the Office of the Sponsor reports that the Supervisors' offices currently have additional desks and chairs that could be used by the proposed new staffers.

3. The Board of Supervisors existing 1835 Legislative Assistant positions are currently paid between \$44,109 and \$53,583, based on the approved FY 1997-98 compensation rates. As previously discussed, each member of the Board of Supervisors has two 1835 Legislative Assistant positions.

4. The 11 proposed new 1364 Special Assistant V positions would be authorized to be paid between \$33,539 and \$40,664 on an annual basis, for FY 1997-98. Therefore, as noted above, the net maximum annualized salary and fringe benefit cost for the proposed 11 new positions, including the elimination of one existing position, would be \$524,193. However, since it is anticipated that (1) the new positions would not be hired until September 15, 1997, and (2) the new positions would be hired at the third step rather than the top step, the total net salary and fringe benefit cost for the 11 new positions for the balance of the nine and one-half months of Fiscal Year 1997-1998 would be \$384,905, as requested.

**Recommendation:**

Approval of the proposed legislation is a policy matter for the Board of Supervisors.

Item 4 - File 170-97-2

**Department:** Mayor's Office

**Item:** Ordinance (a) providing for the approval and execution and delivery by officers of the City of an equipment lease Supplement No. 6 between the City and County of San Francisco Finance Corporation, as lessor, and the City, as lessee, with respect to equipment to be used for City purposes and providing for the related Certificate of Approval and of a continuing Disclosure Agreement between said lessor and said lessee; (b) providing for reimbursement to the City of certain City expenditures prior to the issuance of lease revenue bonds and approving the issuance of lease revenue bonds by said nonprofit corporation; (c) providing that said bonds shall be subject to the certification of the Controller prior to the sale of such bonds; (d) providing for the execution of documents in connection therewith and (e) ratifying actions previously taken.

**Amount:** Not to exceed \$14,000,000

**Description:** In June of 1990, San Francisco voters approved Proposition C, a Charter amendment which authorized the Board of Supervisors to authorize and approve the lease-financing of equipment purchases for the City through a non-profit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease revenue bonds.

Between FY 1990-91 and FY 1995-96, the City has issued lease revenue bonds on an annual basis. However, according to Ms. Monique Moyer of the Mayor's Office of Public Finance, lease revenue bonds were not issued in FY 1996-97. Attachment 1 is a memo provided by Ms. Moyer explaining the timing of the subject lease revenue bonds issuance. The Mayor's Office is now requesting authorization to issue up to \$14,000,000 in lease revenue bonds in order to purchase equipment included in both the FY 1996-97 and FY 1997-98 budgets.

Interest rates on lease revenue bonds issued by non-profit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations. According to the Controller, the other major financing instrument is third party vendors that act as a bank and provide equipment to

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Memo to Finance Committee  
August 13, 1997 Finance Committee Meeting

the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital. Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchases unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance Corporation than through the other financing instruments. Under the proposed ordinance, the Controller is required to certify that the interest rates are lower through the San Francisco Finance Corporation prior to the sale of the proposed lease revenue bonds.

Pursuant to Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in 1990-91, with the limit increasing by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in FY 1997-98 is \$28,142,008.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$48,069,707 in lease revenue bonds to finance the purchase of equipment, as follows:

<u>Fiscal</u> <u>Year</u>	<u>Lease Revenue</u> <u>Bonds</u>
1990-91	\$7,304,707
1991-92	Up to \$10,000,000
1992-93	Up to \$10,200,000
1993-94	Up to \$7,000,000
1994-95	Up to \$6,500,000
1995-96	Up to \$7,065,000
1996-97	(\$0)
Total	Up to \$48,069,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$48,069,707 in fiscal years 1990-91 through 1996-97 in lease revenue bonds to procure equipment on behalf of the City. According to the Mayor's Office of Public Finance, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of July 1, 1997 are as follows:

**BOARD OF SUPERVISORS**  
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Memo to Finance Committee  
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Series 1991A Bonds		
Lease Purchase Revenue Bonds Issued	\$7,020,000	
Repayment to date	<u>(6,820,000)</u>	
Outstanding Indebtedness: Series 1991A:		\$200,000
Series 1992A Bonds		
Lease Purchase Revenue Bonds Issued	\$5,555,000	
Repayment to date	<u>(3,965,000)</u>	
Outstanding Indebtedness: Series 1992A:		1,590,000
Series 1993A Bonds		
Lease Purchase Revenue Bonds Issued	\$10,200,000	
Repayment to date	<u>(8,560,000)</u>	
Outstanding Indebtedness: Series 1993A:		1,640,000
Series 1994A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,850,000	
Repayment to date	<u>(4,440,000)</u>	
Outstanding Indebtedness: Series 1994A:		2,410,000
Series 1995A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,075,000	
Repayment to date	<u>(3,000,000)</u>	
Outstanding Indebtedness: Series 1995A:		3,075,000
Series 1996A Bonds		
Lease Purchase Revenue Bonds Issued	\$7,065,000	
Repayment to date	<u>(1,960,000)</u>	
Outstanding Indebtedness: Series 1996A:		<u>5,105,000</u>
Total Current Outstanding Indebtedness		\$14,020,000
Total Allowable Indebtedness		\$28,142,008
Total Allowable Indebtedness Still Available		\$14,122,008

The current, unused balance of lease financing available in 1997-98 in accordance with the provisions of Proposition C is \$14,122,008 (Proposition C established a limit of \$28,142,008 in available indebtedness for FY 1997-98 less the current outstanding balance of \$14,020,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in 1997-98 in an amount not to exceed \$14,000,000, which is within the San Francisco Finance Corporation's current debt capacity under Proposition C of \$14,122,008.

The proposed ordinance would also authorize an Equipment Lease Supplement No. 6 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

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**BUDGET ANALYST**



According to Ms. Moyer, the bond trustee for the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Moyer explains that various City departments have budgeted the annual lease payment within their FY 1996-97 and FY 1997-98 departmental budgets. Ms. Moyer reports that the amount of the annual lease payments for the proposed lease revenue bonds in FY 1997-98 is approximately \$1.8 million, and a total of \$15,740,439 for the equipment would be paid over the two to seven year term of the leases. All of the approximately \$1.8 million would be funded from previously budgeted General Fund lease payment monies approved by the Board of Supervisors. Ms. Moyer reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City departments will then make annual lease payments to the San Francisco Finance Corporation, which in turn will use these funds to repay the lease revenue bond interest and redemption.

In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures (see Comment No. 5) prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) ratifies actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and acquired by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Financing Corporation, which in turn will use such funds to repay the bond funds.

**Comments:**

1. Attachment 2 shows the equipment items, with a total cost of \$11,666,538, included in the 1996-97 and 1997-98 City budgets that would be funded by the proposed lease revenue

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



Memo to Finance Committee  
August 13, 1997 Finance Committee Meeting

bonds. The estimated budget of the proposed, (not to exceed) \$14,000,000 in lease revenue bonds is as follows:

Equipment Costs	\$11,666,538
Required Reserve Fund <sup>1</sup>	1,385,500
Bond Issuance Costs	158,802
Capitalized Interest <sup>2</sup>	405,469
Working Capital Fund	<u>5,000</u>
Total	\$13,621,309

2. The actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely, because the interest rate will depend on the financial market interest rate when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item.

3. Ms. Moyer estimates that, if Series 1997A lease revenue bonds are sold in a principal amount of approximately \$13,621,309 at an estimated annual interest rate of 4.57 percent (based on current financial market interest rates) and based on the expected repayment periods of between two to seven years, the City's total principal and interest cost would be approximately \$15,982,606 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$13,621,309 in principal and \$2,361,297 in interest costs.

4. Ms. Moyer reports that the actual interest costs to the City of the proposed equipment lease-purchases will depend on the market interest rates when the bonds are sold. Interest costs will also vary for each item of equipment purchased based on the number of years in the repayment period for the item. Ms. Moyer estimates that the maximum annual debt service (amount of the City's repayment) which

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<sup>1</sup> Lease Revenue bonds have a legally required Reserve Fund equal, in this case, to 10 percent of the principal amount of the bonds.

<sup>2</sup> Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the equipment has been received by the City. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, capitalized interest, estimated in the amount of \$405,469, must be paid from proceeds of the bonds until such a time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

would be required in any single year before these Series 1997A bonds are retired would be approximately \$3,598,558.

5. The proposed lease revenue bond proceeds are the intended source of funds for the purchase of equipment already approved in the City's 1996-97 and 1997-98 budgets. As noted in Ms. Moyer's attached memo, none of the equipment listed on Attachment 2 has yet been purchased and none will be purchased prior to selling the lease revenue bonds. Therefore, although the proposed ordinance provides for reimbursement to the City of certain expenditures prior to the issuance of the proposed lease revenue bonds, Ms. Moyer advises that expenditure reimbursement will not be required under the subject lease revenue bond issuance.

6. The City would take ownership of the proposed equipment upon repayment of all principal and interest costs to the San Francisco Finance Corporation in the form of lease payments, according to the repayment terms specified in the Equipment Lease Supplement No. 6, which the Mayor's Office would be authorized to execute on behalf of the City under the proposed ordinance.

7. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Moyer, Federal law requires that all cities and counties, which issue tax exempt debt, file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: (1) the financial statements of the San Francisco Financing Corporation and the City; (2) the status of the project (e.g. equipment purchase and repayment amounts); (3) a summary of budgeted General Fund revenues and appropriations; (4) a summary of assessed valuation of taxable property and (5) a summary of outstanding and authorized but unissued tax supported debt.

8. The use of lease-financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks-in" departmental expenditures for future years resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the Mayor's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the cost over several years in accordance with the City's beneficial use of the equipment.

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9. As noted above, prior to the lease revenue bonds being sold, the Controller is required to certify that the interest costs to the City will be lower through the San Francisco Financing Corporation than through other financing instruments.

**Recommendation:** Approve the proposed ordinance.

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**MEMORANDUM**

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**TO:** MONIQUE DEJONG  
**FROM:** MONIQUE MOYER *MM*  
**SUBJECT:** SAN FRANCISCO FINANCE CORPORATION,  
LEASE REVENUE BONDS, SERIES 1997A  
(EQUIPMENT PROGRAM)  
**DATE:** AUGUST 4, 1997

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Pursuant to your fax from August 1, 1997, the following addresses several aspects of the San Francisco Finance Corporation's annual equipment lease revenue bond issuance.

**Delay of April 1997 Issuance**

In late March 1997, the Mayor delivered to the Clerk of the Board of Supervisors the initial bond documents pertaining to the City's annual equipment lease bond offering. Shortly thereafter, the City Attorney advised the Mayor that the then-Board of Directors of the Finance Corporation were comprised of individuals who had other duties or roles with the City thereby triggering one of two State laws defining conflicts of interest. The City Attorney asked the then-Directors to step down and new directors were sought and ultimately appointed. The bonds could then have been offered in June 1997 but Ed Harrington, Steve Agostini and I agreed, with the Mayor's consent, that we should use the opportunity to put the annual offerings on a more efficient schedule, as discussed below, and achieve economies-of-scale by selling the 1996-97 and 1997-98 issuances together.

**Timing of Annual Issuance**

In previous fiscal years, the Finance Corporation has elected to sell its annual lease revenue bonds (equipment program) after the April 1<sup>st</sup> bond payment. The timing was structured to allow for a sufficient amount of bond authorization to rebuild in the program (since principal is repaid each October and April) so that new bonds could be issued. However, as required, the individual departments would budget for these purchases at least one year in advance. For instance, if in fiscal year 1995/96, the Fire Department required a new fire truck, the Fire Department would include this request and an estimate of annual lease payments in its fiscal year 1995/96 budget which process would begin in February of 1995. The budget would be adopted by August of 1995 but the bonds wouldn't be sold until April of 1996. Once the bonds were sold, the Purchaser's office would put out a bid, the truck would be ordered and it would finally be delivered sometime around June of 1997.

This process was inefficient in two respects. First, the truck would actually arrive 28 months following the Fire Department's first step in procuring the new truck. Secondly, departments would prepare their budget assuming a certain amount of interest rate cost. However, interest

rates change frequently and in the 14 months between the initial budgeting and the actual sale of the bonds (Feb. 1995 to April 1996), rates could move significantly.

In order to address these timing concerns, the Mayor's Office of Public Finance, in conjunction with the Controller's Office, determined that a more efficient time to sell the bonds is immediately following adoption of the annual budget. In the example above, the Fire Department determined in February 1997 that a new truck was needed. The Board of Supervisors approved the purchase of this truck, and related lease payment, when the fiscal year 1997-98 budget was adopted on July 28, 1997 and the Mayor approved the purchase when he signed the 1997-98 budget on August 1, 1997. We intend to close the bond sale on October 9, 1997 at which time the Purchaser will list the truck for bid. The truck will be delivered by October 1998 which will save the Fire Department up to 7 months versus the prior schedule.

### Impacts of the Delay

As a result of the delay, the Police Department purchased 50 marked police cars with the money they had set aside for payment of debt service in fiscal year 1996-97. Since no bonds were offered in fiscal year 1996-97, no debt service was due. This is beneficial to the City since the equipment lease program requires that any police car purchased with bond proceeds which is subsequently crashed must be replaced by another police car of equal or greater value and with an equivalent or greater useful life. The replacement policy assures bond holders that they will always have a bonafide asset in the pool. The 50 police cars purchased with cash will be available for transfer to a bond fund in the event that a bond funded car is removed from service.

Also, as a result of the delay, San Francisco General Hospital purchased 3 ambulance chassis with their 1996/97 lease money. These purchases will not be reimbursed from the Series 1997A bond proceeds. Thus, due to actions by both the Police Department and San Francisco General Hospital, the amount of equipment scheduled for lease purchase under the fiscal year 1996/97 budget was reduced from \$10,244,005 to \$8,404,756.

As far as I can determine, there are no increased costs to delaying the April 1997 offering to October 1997. However, as you may recall, at the March 25, 1997 meeting of the Federal Open Markets Committee, interest rates were raised by 0.25%. For several weeks following the Fed's move to tighten inflation and spending, the municipal bond market was erratic and interest rates spiked. Since such time, the municipal markets have reached lower interest rate levels which, if they hold until the bonds are offered, will save the City money for its interest rate expense. Interest rates in mid-April were approximately 4.95% and are now approximately 4.57%, a savings of 0.38%.

One final note, because the bonds will close after the October 1, 1997 principal payment, the amount of available authorization for new bonds will actually be \$17,667,008 (see attached) leaving a balance of \$3,812,008 after the proposed \$13,855,000 is issued.

I hope this memorandum addresses your concerns. Please call me at (415) 554-4862 if you have further questions. Thank you.



## City and County of San Francisco

## Finance Corporation

## Series 1997A Revised Equipment List

Department	Equipment	# of Units	Total Cost	Per Unit Cost	Lease Term	Approx Delivery
Fire Department	Aerial Ladder Trucks	6	3,072,000	512,000	7	1-Oct-98
Fire Department	Triple Pumps	12	3,084,000	257,000	7	1-Dec-98
San Francisco General Hospital	Plethysmograph	1	57,000	57,000	3	1-Dec-97
San Francisco General Hospital	Ultramicrotome Ultracut	1	24,000	24,000	3	1-Dec-97
San Francisco General Hospital	Physiologic Monitor System	15	412,000	27,467	3	1-Dec-97
San Francisco General Hospital	Washer Sterilizer	1	57,000	57,000	3	1-Dec-97
San Francisco General Hospital	Flash Sterilizer	1	42,000	42,000	3	1-Dec-97
San Francisco General Hospital	Physiologic Monitor	4	109,200	27,300	3	1-Dec-97
San Francisco General Hospital	Bedside Telemetry System	1	308,110	308,110	3	1-Dec-97
San Francisco General Hospital	Ultrasound Machine	1	42,000	42,000	3	1-Dec-97
San Francisco General Hospital	Trayveyor System	2	66,648	33,324	3	1-Dec-97
San Francisco General Hospital	Ventilator Adult	1	24,450	24,450	3	1-Dec-97
San Francisco General Hospital	Monitoring System	8	151,872	18,984	3	1-Dec-97
San Francisco General Hospital	Emergency Ambulance	3	314,319	104,773	3	1-Feb-98
San Francisco General Hospital	EEG Machine	1	38,631	38,631	3	1-Dec-97
TIS	Aerial Truck	1	72,153	72,153	3	1-Oct-97
City Attorney	Local Area Network	1	201,843	201,843	3	1-Oct-97
Purchasing	Network Color Printer	1	225,000	225,000	5	rented
Police Department	Marked Vehicles with Outfitting	52	1,612,060	31,001	3	1-Feb-98
Police Department	Unmarked Vehicles	42	1,008,000	24,000	3	1-Feb-98
Parking and Traffic Commission	Three Wheeled Vehicles	22	450,427	20,474	3	1-Oct-97
Sheriff	Passenger Vans	4	88,000	22,000	3	1-Feb-98
Sheriff	Commercial Washer	1	25,125	25,125	3	1-Mar-98
Sheriff	Gas Fork Lift	1	21,000	21,000	3	1-Feb-98
Sheriff	Blue Bird Custody Bus	1	124,700	124,700	5	1-Jun-98
Sheriff	Gun Range Trailer	1	35,000	35,000	3	1-Jun-98
		185	11,666,538			



Item 5 - File 97-97-41

**Department:** Office of the Mayor

**Item:** Ordinance amending the San Francisco Administrative Code by adding Chapter 78, which would establish a procedure for calculating net debt service savings for refunding General Obligation bonds and lease obligations<sup>1</sup>, as required by provisions in Sections 9.109 and 9.108 of the City's Charter. This proposed Chapter 78 would be referred to as the Refunding Bond Savings Test Act.

**Description:** Section 9.109 of the City's Charter authorizes the Board of Supervisors to provide for the issuance of bonds for the purpose of refunding any General Obligation or Revenue bonds of the City and County then outstanding. Refunding bonds are issued to refinance outstanding bonds at a lower rate of interest. Section 9.109 specifies that no voter approval is required for the authorization, issuance, and sale of refunding bonds which are expected to provide *net debt service*<sup>2</sup> savings to the City and County on a present value basis. Similarly, Section 9.108 of the Charter authorizes the City and County to conduct a refunding of lease obligations without voter approval, provided the refunding results in net savings calculated on a present value basis.

Ms. Monique Moyer, Mayor's Director of Public Finance, states that the City has never engaged in the refunding of General Obligation bonds. Ms. Moyer advises that in 1993, the City began a process to determine whether the City had the authority to issue refunding bonds. However, once it was established that the City does in fact have the authority, the municipal bond market was no longer favorable enough to generate sufficient savings to issue refunding bonds.

Pursuant to Sections 9.109 and 9.108 of the Charter, the City is required to establish an ordinance outlining a procedure for calculating net debt

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<sup>1</sup>Lease obligations include lease revenue bonds or certificates of participation.

<sup>2</sup>Net debt service refers to the stream of actual debt service payments (toward interest and principal) less interest earnings on any related bond funds held by the bond trustee. If a bond deal is secured by a debt service reserve fund, interest earnings from the reserve fund are subtracted from the debt service payment. If there are no interest earnings, then net debt service is exactly equal to debt service.

service savings on a present value basis for the refunding of General Obligation bonds, Revenue bonds and lease obligations. Whereas Chapter 55 of the City's Administrative Code outlines a procedure for calculating savings for the refunding of Revenue bonds, there is currently no savings test pertaining to General Obligation bonds and lease obligations.

The proposed ordinance would therefore add a new chapter to the Administrative Code, Chapter 78, outlining a procedure related to General Obligation and lease obligation refunding bonds for calculating net debt service savings to the City on a present value basis. The proposed ordinance would establish a savings test for determining net debt service savings for the refunding of General Obligation bonds and lease obligations, as required by Sections 9.109 and 9.108 of the City's Charter.

The proposed ordinance provides that net debt service savings shall be calculated by comparing the present value of the aggregate debt service on the *refunding bonds*<sup>3</sup> to that of the *refunded bonds*<sup>4</sup> as of the proposed date of issuance of the refunding bonds. In order to calculate the present value, the yield of the new bonds is used as the discount rate. Thus, according to the savings test in the proposed ordinance, the aggregate net debt service on the refunding bonds (the new bonds) must be less than the aggregate net debt service on the refunded bonds (the existing bonds that are being refinanced). The principal amount of the refunding bonds (in aggregate or with respect to any maturity) may be more than, less than or the same as the principal amount of the bonds or lease obligations to be refunded.

Ms. Moyer demonstrates the beneficial impact of such refunding in an example where it is assumed that the City's 1988A General Obligation bonds, outstanding currently in the amount of \$24,470,000, are fully refunded with the issuance of new bonds (refunding bonds). The example shows that a total net present value debt service savings to the City

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<sup>3</sup>Refunding bonds (new bonds) are any bonds issued or lease obligations entered into for the purpose of refunding, in whole or in part, any existing bonds.

<sup>4</sup>Refunded bonds (existing bonds) are any outstanding general obligation bonds, revenue bonds or lease obligation bonds to be refunded by the City.

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would amount to \$2,874,396.65 as a result of the refunding, using the procedures established in the proposed ordinance.

The savings test for the refunding of General Obligation bonds and lease obligations outlined in the proposed ordinance, Chapter 78, differs from the savings test for the refunding of Revenue bonds established in Chapter 55 of the City's Administrative Code. Chapter 55 permits the refunding of Revenue bonds whenever the refunding shall result in lower total scheduled principal and interest payments for the City. Ms. Moyer advises that the savings test outlined in Chapter 55 does not take into consideration the time value of money. The proposed ordinance, Chapter 78, differs from Chapter 55 in that the refunding of General Obligation bonds and lease obligations is permitted whenever the *present value of the aggregate debt service* on the refunding bonds (the new bonds) is lower than the aggregate debt service on the refunded bonds (the existing bonds).

The proposed ordinance includes a provision that any funds contributed to the refunding by the City shall be deducted from the net debt service savings calculation. For example, in order to capture the economic benefit of current market conditions and lower interest rates, the City could authorize an *advance refunding*<sup>5</sup> of existing bonds. Any funds contributed by the City for the purchase of securities for the advance refunding would be subtracted from the savings calculation. This ensures that net debt service savings will be calculated on the basis of the net savings actually achieved by the City.

The procedure for calculating debt service savings for refunding bonds outlined in Section 78.4(b) of the proposed ordinance provides an alternative to any procedure contained in general State law. The procedure established in the proposed ordinance, Chapter 78, calculates the net debt service savings on a present value basis, as required by Sections 9.109 and 9.108 of the Charter. The proposed

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<sup>5</sup>An advance refunding refers to bonds that are refunded during the call protection period. For an advance refunding, the City would purchase U.S. securities that are held in an escrow account corresponding to the payment of interest and principal on the bonds through and including the call date.

ordinance also authorizes the City to rely on any other State law procedure related to calculating net debt service savings. Current State law pertaining to the refunding of bonds is contained in Articles 9 and 11 of the State Code. At present, these two Articles do not contain a savings test calculated on a present value basis.

Since San Francisco is a Charter City and the Charter requires the City to adopt an ordinance establishing a savings test for refunding bonds, such an ordinance must be adopted before the City can issue General Obligation and lease obligation type refunding bonds. California cities which are General Law cities would rely on the savings test established in State code.

According to Section 78.4(c) of the proposed ordinance, the Board of Supervisors may authorize the issuance and provide the final terms, amounts, maturities, interest rates and other provisions of the refunding bonds for General Obligation bonds and lease obligations, including a reference to the procedure under which debt service savings shall be calculated. Section 78.4(c) also states that if the Board established a minimum savings to be generated by the issuance of a refunding bond, the Board may delegate to appropriate officials or officers of the City or of the Board of Supervisors the authority to determine the final terms, amounts, maturities, interest rates and other provisions of the refunding bonds. Thus, the Board of Supervisors may delegate authority to a Committee of the Board of Supervisors. For example, the Board of Supervisors has previously delegated the authority to award General Obligation bonds to the Finance Committee.

**Comments:**

1. Mr. Victor Castillo, Deputy City Attorney, advises that the proposed ordinance applies to General Obligation bonds and lease obligations, including lease revenue bonds and certificates of participation. Chapter 55 of the City's Administrative Code already outlines a procedure for determining savings generated by refunding Revenue bonds. However, as noted above, the procedure related to Revenue bonds does not calculate savings on a present value basis, as required by Section 9.109 of the City Charter. Chapter 55 was adopted prior to

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the adoption of the new Charter Section 9.109, which contains the provision regarding the calculation of savings on a present value basis. Therefore, Chapter 55 of the Administrative Code should be amended to require the calculation of net debt service savings from refunding Revenue Bonds be made on a present value basis, as required by Section 9.109 of the Charter.

2. Ms. Moyer advises that refunding General Obligation bonds should generate significant but indeterminate savings to the City. When resolutions are brought before the Board of Supervisors for each actual refunding, the Mayor's Office of Public Finance will provide an estimate of savings to the City.

**Recommendations:** 1. Approve the proposed ordinance.

2. Request the City Attorney to prepare legislation, for consideration by the Board of Supervisors, to amend Chapter 55 of the City's Administrative Code in order to require that the savings test for the refunding of Revenue bonds must be calculated on a present value basis.







Item 6 - Files 97-97-40

**Department:** Department of Public Works (DPW)

**Item:** Ordinance amending the San Francisco Administrative Code by adding Section 6.08 to provide for the selection of contractors to perform hazardous materials abatement work on public works projects.

**Description:** Section 6.05 of the San Francisco Administrative Code currently provides that contracts for public works, the cost of which are in excess of \$50,000, must be awarded "to the lowest reliable and responsible bidder."

The proposed ordinance would amend the Administrative Code by adding Section 6.08 authorizing the Director of Public Works to award contracts for performing hazardous materials abatement work on public works projects without utilizing the City's formalized competitive bidding procedures. When the Director determines that 1) hazardous materials on public property must be expeditiously abated, and 2) that there is inadequate time to advertise and competitively bid the work in accordance with section 6.05 of the San Francisco Administrative Code, then the contract may be awarded in accordance with the following procedures:

1. The Department of Public Works would advertise for interested hazardous materials abatement contractors in order to establish a pool of qualified hazardous materials abatement contractors who would be available for performing work on short notice. According to Mr. Steve Mullinnix of the Department of Public Works, the Department would employ a 30 day advertising period and standard Request for Proposals (RFP) procedures to obtain proposals. Mr. Mullinnix has stated that DPW would work with the Human Rights Commission to determine LBE/MBE/WBE status and compliance with the Equal Benefits Ordinance. DPW would advertise with minority development agencies, in City trade journals, and twice in *The San Francisco Examiner*. In addition, DPW would send a one-page Fax advance (followed by a hard copy) announcement to all companies listed in the Department's data base as having ever performed or expressed an interest in performing hazardous materials abatement.

2. The Department would select approximately six qualified contractors to perform the hazardous materials abatement work anticipated to be required and

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enter into master agreements on an as-needed basis with those contractors.

3. The Director of Public Works would obtain price quotations from not less than three qualified hazardous materials abatement contractors and would award a contract to the contractor submitting the lowest price. In the event that only one quotation is obtained, the Director may award the contract to that company. If the Director believes that the public interest would best be served by accepting other than the lowest quotation, the Director would have the authority to accept the quotation that would best serve the public interest.

**Comments:**

1. According to Mr. Mark Primeau, Director of DPW and City Architect, the purpose of this ordinance is to provide the Department with the flexibility necessary to promptly abate hazardous materials conditions where there is insufficient time to advertise and competitively bid the work in accordance with Section 6.05 of the San Francisco Administrative Code.

2. Mr. Primeau has stated that strict conformance with Section 6.05 is difficult and often not in the best interest of the City when applied to hazardous materials abatement contracts which often must be abated expeditiously.

**Recommendation:**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 7 - File 101-94-107.6

**Department:** Port

**Item:** Release of reserved funds in the amount of \$401,780 for the Port for various capital improvement projects at the Ferry Building.

**Amount:** \$401,780

**Source of Funds:** Harbor Operating Funds

**Description:** The Board of Supervisors previously approved a supplemental appropriation ordinance (file 101-94-107) from Port funds for the following five capital improvement projects:

<u>Project</u>	<u>Amount</u>
Pier 35 Cruise Terminal Improvements	\$1,391,663
Ferry Building Roof	250,000
Pier 70 Upgrades	250,000
Embarcadero Roadway Drainage	700,000
Ferry Building Shearwall <sup>1</sup>	<u>401,780</u>
<b>Total</b>	<b>\$2,993,443</b>

The Board placed the entire \$2,993,539 on reserve, pending the Port's submission of (1) contract cost details and the MBE/WBE status of the contractors and (2) the detailed project costs for those projects to be performed by the Port on an in-house basis. The Board of Supervisors has previously released \$1,816,000 of the \$2,993,539 to pay for four of the five projects, leaving a balance of \$1,177,539 on reserve. The fifth project, the Ferry Building Shearwall Project, is the subject of this request.

The Port is now requesting that \$401,780 of the \$1,177,539 balance be released from reserve for the fifth project, the Shearwall Project to improve the seismic safety and for other costs related to the project at the Ferry Building. The project has the following components:

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<sup>1</sup>These costs were previously reported at \$401,876.

- construction costs estimated at \$375,000 including \$265,000 for the installation of new shearwalls in the Ferry Building Central Concourse and \$110,000 for the construction of new shearwall in the Agricultural Building;
- Historical preservation services estimated at \$11,780;
- A study by DPW estimated to cost \$15,000 to analyze the coordination of construction of the Ferry Building Shearwall Project and the Embarcadero Roadway Project.

The Port advises that the following two firms bid on the Ferry Building Shearwall project:

<u>Name</u>	<u>MBE/WBE</u>	<u>Amount</u>
CICO Construction	MBE/WBE/LBE	\$1,897,518 <sup>2</sup>
Cuevas & Mannion	No <sup>3</sup>	\$2,435,330

The contract was awarded to CICO Construction Company, the low bidder. The Port further reports that CICO's subcontractor participation is 30.38% MBE and 8.78% WBE, as shown in Attachment 1 provided by Mr. Joe Roger of the Port.

**Budget:**

The table below summarizes the costs of the four components of the Shearwall project at the Ferry Building:

<u>Project</u>	<u>Amount</u>
Ferry Building Shearwall	\$265,000
Agriculture Building Improvements	110,000
Historical Preservation Services	11,780
Construction analysis by DPW	15,000
<b>Total</b>	<b>\$401,780</b>

**Comment:**

1. Attachments 2 and 3, provided by the Port, provides the cost details of the \$375,000 now being requested for the installation of new shearwalls in the Ferry Building Central Concourse totaling \$265,000 and the construction of new shearwalls in the Agriculture Building totaling \$110,000. The Port awarded the construction contract to CICO

<sup>2</sup>The \$375,000 now being requested by the Port is a portion of the total contract with CICO Construction, which is \$1,897,518.

<sup>3</sup>Cuevas & Mannion was certified as an MBE, but the certification expired 2/29/97 and a recertification has not yet been filed.

Construction. According to Mr. Brian Cheu of the Human Rights Commission, CICO has not yet filed for certification with HRC regarding compliance with the Equal Benefits Ordinance. However, the contract with CICO was certified by the Controller on November 22, 1996, and the notice to proceed with the work was given December 9, 1996. According to Mr. Michael Cohen of the City Attorney's Office, contractors are not required to comply with the Equal Benefits Ordinance if the contract was entered into prior to June 1, 1997, when the ordinance took effect. Since the Port entered into the contract with CICO prior to June 1, 1997, CICO is not required to comply with the ordinance.

2. In addition to construction work, the project includes \$11,780 for consultation services regarding historic preservation of the Ferry Building. Ms. Veronica Sanchez of the Port advises that unforeseen historic preservation issues have been raised by State and Federal agencies in their environmental review of the Ferry Building renovation and shearwall repair projects. Specifically, as explained in Attachment 4 provided by Ms. Sanchez, the Federal Highway Administration (FHWA) identified previously unknown historical materials, such as granite and marble arches, that must be preserved according to standards established by the Secretary of the Interior.

The Port has received over \$13 million of State and Federal funds for the Downtown Ferry Terminal Project. The Port must obligate \$2.4 million of FHWA Ferry Boat Discretionary Funds prior to August 25, 1997. However, these funds will expire if the Port does not receive environmental clearance.

Due to the urgency of meeting grant deadlines for FHWA funds that will be used in the Shearwall project at the Ferry Building, the Port proposes to modify an existing contract with Degenkolb Engineers to provide historical preservation services instead of implementing a Request For Proposal process. As explained in Attachment 4 provided by Ms. Sanchez, the Port will request that Degenkolb revise structural calculations they have already



performed to comply with the Secretary of the Interior's standards in order to secure environmental clearance. Ms. Sanchez has stated that it would be inefficient for the Port to request another contractor to revise Degenkolb's calculations. Since 1990, Degenkolb Engineers has provided consultation services to the Port for seismic repair and renovation work of the Ferry Building. Degenkolb will provide the Port with the following information related to historic preservation: review of the existing marble storage inventory, development of a new design for marble paneling in the second floor tower area, restoration of the second floor marble mosaic, and an evaluation of the feasibility of retaining the existing stair handrail. The hourly wages for this professional services contract are between \$45-\$165. The total number of hours for the project is estimated at 100 hours, with an average hourly rate of \$118.

Degenkolb is a San Francisco based architectural and engineering firm specializing in historical buildings. Degenkolb is not an MBE or WBE firm. According to Mr. Cheu of the Human Rights Commission Degenkolb has not yet submitted a request for certification regarding compliance with the Equal Benefits Ordinance. Mr. Cohen of the City Attorney's Office advises that to the extent that Degenkolb's basis for non-compliance with the Equal Benefits Ordinance is that they are the sole source provider, it would be necessary to obtain a waiver from the Human Rights Commission.

3. The Ferry Building Shearwall project also includes \$15,000 to fund a study by DPW to analyze the coordination of construction of the Ferry Building Shearwall Project and the Embarcadero Roadway Project. After conducting a Request for Proposals process, DPW selected Don Todd Associates to undertake an analysis of construction issues. The hourly wage rate is \$65-\$125. The average hourly rate is \$93, and the total number of hours is 161. Don Todd Associates is registered with the Human Rights Commission as an LBE/MBE firm. Don Todd Associates has filed an application with the HRC stating that they are in compliance with the Equal Benefits Ordinance, but certification



is pending further documentation from Don Todd Associates.

**Recommendations:**

1. Approve the proposed release of the reserved funds in the amount of \$375,000 for the construction work conducted by CICO Construction Company.
2. Approve the release of \$11,780 for the Port's contract with Degenkolb Engineers contingent upon compliance with the Human Rights Commission regarding the Equal Benefits Ordinance.
3. Approve the release of \$15,000 for the contract with Don Todd Associates contingent upon certification with the Human Rights Commission regarding compliance with the Equal Benefits Ordinance.

## PORT OF SAN FRANCISCO

## MEMORANDUM

TO: Mary Kimball, Analyst

DATE: July 31, 1997

FROM: Joe Roger, Project Engineer

SUBJECT: Ferry Building Shearwall Modifications, Release of Reserved Funds

At your request I have itemized the contract MBE/WBE percentages for the contractors/consultants on the respective projects noted below:

PROJECT	Contractor/ Consultant	Contract No.	MBE %	WBE %	Domestic Partner Compliance?
Ferry Building Seismic Repair Stage II	CICO	2594	30.38	8.78	NA
Ferry Building Seismic Repair Stage II	Degenkolb	SA 3992026	0	0	No
Ferry Building Seismic Repair Stage II/ Downtown Ferry Terminal Coordination	Don Todd Assoc	NA	0	0	Yes

Two bidders bid the Ferry Building Seismic Repair Stage II Project. Per your request, attached are copies of the following items pertaining to the bidders:

- \* CICO's HRC Form 2A, signed and dated by CICO on 9/4/96.
- \* Cuevas & Mannion's HRC Form 2A, signed and dated by CICO on 9/4/96.

c: V. Sanchez

## Ferry Building Seismic Repair Stage II

## Non-FEMA Funded Work

	Quantity	Unit	Rate	Total Cost
II. Renovate the Central Concourse of the Ferry Building - \$275,000				
Structural				
Selective demolition and removal				
Remove and replace slab on grade	480	ISF	20.00	9,600
Remove and replace concrete slab as required to pour new concrete	290	ISF	25.00	7,250
2 wythes of brick in existing wall	949	ISF	10.00	9,490
Temporary shoring of floor structure	150	ILF	75.00	11,250
Cast-in-place concrete walls (first floor) 12"	2,360	ISF	30.93	
Reinforced steel	7,585	ILB	1.00	7,585
Formwork	3,148	ISF	7.00	22,036
Formwork - bottom of beam 12" wide	143	ILF	20.00	2,860
Concrete	48	ICY	250.00	12,000
Dowels	143	IEA	45.00	6,435
3/4" diameter deformed bar welded anchors	72	IEA	25.00	1,800
Cast-in-place concrete walls (second floor) 6"	1,800	ISF	30.56	
Reinforced steel	3,580	ILB	1.00	3,580
Formwork	1,500	ISF	7.00	10,500
Concrete	37	ICY	250.00	9,250
Dowels	329	IEA	45.00	14,805
3/4" diameter deformed bar welded anchors	193	IEA	25.00	4,825
Shotcrete wall (third floor arch walls)	949	ISF	43.20	
Reinforced steel	4,906	ILB	1.00	4,906
Formwork to cover arch openings	950	ISF	8.00	7,600
Shotcrete	39	ILF	400.00	15,600
Dowels	250	IEA	45.00	11,250
3/4" diameter deformed ball welded anchors	42	IEA	25.00	1,050
SUBTOTAL				173,672
Architectural				
Selective demolition and removal				
Remove interior finish to facilitate structural work				
Floor	6,589	SF	1.00	6,589
Wall	806	SF	1.50	1,209
Ceiling	5,581	SF	2.50	13,953
Interior finishes	1	LS	15,000.00	15,000
Granite Tile				
SUBTOTAL				36,751
Mechanical				
Plumbing, mechanical & fire protection	1	LS	10,000.00	10,000
SUBTOTAL				10,000.00
Electrical				
	1	LS	10,000.00	10,000
SUBTOTAL				10,000.00
SUBTOTAL				230,423
15% General Conditions, OH & Profit				34,563
GRAND TOTAL				264,986

Ferry Building Seismic Repair Stage II  
Non-FBMA Funded Work

		Quantity	Unit	Rate	Total Cost	
1. Tenant Improvements to the Agricultural Building - \$110,000						
Civil						
Utilities						
		66	LF	150	9,861	
SUBTOTAL						
						9,861
Structural						
Concrete Foot/Drift Repair						
		2	CY	250	493	
Structural Steel for Wall						
		1	T	3,000	1,578	
SUBTOTAL						
						2,071
Architectural						
Demolition						
		1	LOT	10,000	10,000	
Site Signage						
		1	LOT	2,500	2,500	
Hazard Abatement						
		1	LOT	15,000	15,000	
Walls & Partitions						
		164	SF	15	2,465	
SUBTOTAL						
						29,965
Mechanical						
Public Water & Sanitary Plumbing						
		4,917	SF	1.79	8,801	
Wetpipe Fire Sprinkler System						
		4,917	EA	2.00	9,834	
Heating & Sheet Metal						
		5,890	EA	2.61	15,373	
SUBTOTAL						
						34,008
Electrical						
Service & Distribution						
		0.03	EA	50,000	1,515	
Lighting Interior & Exterior						
		0.03	EA	415,380	10,923	
Devices						
		0.03	EA	29,946	787	
Instic Materials						
		0.03	EA	257,508	6,771	
SUBTOTAL						
						19,797
SUBTOTAL						
						95,702
15% General Conditions, OI & Profit						
						14,355
GRAND TOTAL						
						110,057

VIA FAX 252-0461

PORT OF SAN FRANCISCO



August 5, 1997

Ms. Mary Kimball  
 Budget Analyst's Office  
 1390 Market Street, Suite 1025  
 San Francisco, CA 94102

Ferry Building  
 San Francisco, CA 94111  
 Telephone 415 274 0400  
 Telex 275940 PSF UR  
 Fax 415 274 0528  
 Cable SFPORTCOMM  
 Winter

**RE: Release of Reserve Funds: Ferry Building Shearwall Project : Degenkolb**

Dear Ms. Kimball:

The Port of San Francisco has received over \$13 million of State and Federal funds for the Downtown Ferry Terminal Project. Most urgent, is the need to obligate \$2.4 million of FHWA Ferry Boat Discretionary Funds (ISTEA Sec. 1064) prior to August 25, 1997. These funds will expire if the Port does not receive environmental clearance.

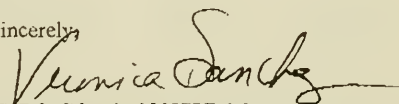
The Downtown Ferry Terminal Project includes structural modifications to the Ferry Building to open up the building for passenger areas. In its environmental review of the project, FHWA identified previously unknown historical materials such as granite, marble, arches that need to be preserved according to historical standards set by the Secretary of Interior.

To ensure that these historic preservation issues do not stand in the way of securing environmental clearance, the Port committed to put in place a process for beginning design and engineering work that will comply with the Secretary of Interior's standards. The first step is to revise structural calculations performed by Degenkolb. It would be inefficient for the Port to request another contractor to revise Degenkolb's calculations. Additionally, a formal solicitation process would result in delays to the project which is on a strict time line for both State and Federal funding agencies.

Degenkolb is a San Francisco based architectural and engineering firm specializing in historical buildings. They are well recognized in the industry as a premiere for doing retrofit work on historic buildings. They have done similar work on historical building on university campuses and other public agencies.

I hope this information responds to your questions.

Sincerely,

  
 VERONICA SANCHEZ, Manager  
 Governmental Affairs





Item 8 - File 47-97-3

**Department:** Real Estate Department  
Department of Parking and Traffic (DPT)

**Item:** Resolution confirming award of the Management Agreement for operation of the St. Mary's Square Garage and the 16th and Hoff Garage to Parking Concepts, Inc./Daja, Inc.

**Description:** The proposed resolution would confirm the award of a Management Agreement for the St. Mary's Square Garage and the 16th and Hoff Garage to Parking Concepts, Inc./Daja, Inc., a joint venture. The St. Mary's Square Garage is a City-owned parking facility of 828 spaces, located at 433 Kearny Street; the 16th and Hoff Garage, which is also a City-owned garage, located at 42 Hoff Street between 16th and 17th Street, has 42 metered spaces and 3 disabled parking spaces. The Management Agreement would be for a period of three years, from October 1, 1997 through September 30, 2000, with two one-year extensions subject to mutual agreement of the City and Parking Concepts, Inc./Daja, Inc.

The Department of Real Estate has conducted a competitive bidding process for this Management Agreement. Six companies submitted Financial Responsibility and Experience Questionnaires and four were determined to have met the minimum standards to bid on the Management Agreement. The firm names, bids, bid preference points assigned by the Human Rights Commission (HRC), and adjusted bid status are as follows:

<u>Firm</u>	<u>Monthly Management Fee payable by the City</u>	<u>HRC Preference</u>	<u>Adjusted Bid</u>
Parking Concepts, Inc./Daja, Inc. (MBE), a joint venture	\$61,356.00	7.5%/ LBE/MBE	\$56,754.30
Five Star Parking/ Universal Parking	\$56,818.00	0%	\$56,818.00
Allright Parking/ Federal Auto Parks (WBE), a joint venture	\$77,665.58	10%/ LBE/WBE	\$69,899.02
City Park	\$89,895.00	0%	\$89,895.00

As shown above, after adjusting bids to account for HRC preference points, the joint venture of Parking Concepts, Inc./Daja, Inc. was the low bidder for this Management Agreement. Their bid of \$61,356 represents the monthly

management fee payable by the City for operating the two garages.

Under the proposed Management Agreement, the City reserves the right to fix and determine the parking rates and the specific terms and conditions for operating these two parking garages. On a monthly basis, the City will pay Parking Concepts, Inc./Daja, Inc. a management fee of \$61,356. From this fee amount, Parking Concepts, Inc./Daja, Inc. must pay the routine operating and maintenance expenses of the garages.

**Comment:**

1. Currently, the St. Mary's Square Garage and the 16th and Hoff Garage are managed by the Five Star Parking Corporation, under a lease which has been extended on a month to month basis from its termination date of April 30, 1997, in order to allow sufficient time for the Real Estate Department to award a new Management Agreement through a competitive bidding process. The proposed Management Agreement, in which the City pays a fixed monthly management fee to an operator, differs from the existing agreement. Under the provisions of the existing agreement, Five Star Parking Corporation receives 29.18% of the net revenues (gross parking revenues less revenues realized from the 25% Parking Tax) generated by the garages, and the City receives the remaining 70.82%, plus the Parking Tax revenues.

According to Mr. Romani, in FY 1996-97, out of the total gross revenue payment of \$4,098,626.51, the City received \$2,340,583.51 in net parking revenues from the St. Mary's Square Garage and the 16th and Hoff Garage and \$793,651.20 in Parking Taxes for total City revenues of \$3,134,234.71. The balance of \$964,391.80 was paid to Five Star Parking.

2. The City intends to undertake extensive renovations to St. Mary's Square Garage, including seismic retrofitting resulting from damage incurred during the Loma Prieta earthquake, as listed in Section 5.1(b) of the Management Agreement (see Attachment I). According to the Agreement, the renovations will take approximately 12 to 18 months to complete, during which up to 50% of the garage area may be closed. Consequently, the Parking Authority has not projected the FY 1997-98 gross revenues for the garages.

3. During the renovation period, which can occur at any time during the terms of the Management Agreement, the City has the right to temporarily reduce the Management Fee in

accordance with the extent of work to be undertaken, and according to the process prescribed in section 5.1(b) the Management Agreement.

4. Under the provisions of the proposed Management Agreement, any changes to the parking rates charged at the St. Mary's Square Garage and the 16th and Hoff Garage are subject to approval by the Board of Supervisors. No changes to the rates at either of the two garages are proposed under the new Management Agreement. Attachment II lists the present monthly parking rates at the two garages.

5. According to Mr. Brian Cheu of the Human Rights Commission, Daja, Inc. is in compliance with the Equal Benefits Ordinance. The certification of compliance for Parking Concepts, Inc. is pending. However, according to Mr. Harry Quinn of the Real Estate Department, the requests for bids to manage St. Mary's Square and 16th and Hoff garages were advertised on January 7 and January 11, 1997, and bids opened on February 6, 1997. Section 12B5.-1 of the San Francisco Administrative Code states that the domestic partner benefits requirements of Sections 12B.1(b) and 12B.2(b) do not apply to "bid packages advertised and made available to the public, or any competitive or sealed bids received by the City, prior to June 1, 1997." Mr. Michael Cohen, Deputy City Attorney, has stated that, in accordance with Section 12B.5-1, compliance with the Equal Benefits Ordinance is not required for Daja, Inc./Parking Concepts, Inc. for the proposed Management Agreement.

**Recommendation:** Approve the proposed resolution.

#### 4. TERM OF MANAGEMENT AGREEMENT

4.1 **Term.** The term of this Management Agreement shall be for a period of three (3) years, commencing at 12:00 a.m., \_\_\_\_\_, 1997, and expiring at 11:59 p.m., \_\_\_\_\_, 2000, unless sooner terminated as provided herein.

4.2 **Extension.** The initial term of this Management Agreement may be extended on a year-to-year basis two (2) times, by mutual written agreement between the Manager and the Director. A separate written agreement must be effected for each extension and such agreement cannot be executed until sixty (60) days prior to the first date of the extension period for which such agreement will apply. Such extensions shall be on the same terms and conditions of this Management Agreement, and the Management Fee paid to Manager shall be based upon the terms and conditions of this Management Agreement.

#### 5. MANAGEMENT FEE

5.1 (a) **Monthly Fee.** The City shall pay Manager a monthly management fee in an amount equal to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) ("Management Fee"). The Management Fee shall be due and payable within ten (10) days after the City receives the Monthly Report required by Section 10.5 hereof. Should the commencement date or the expiration date occur on any day other than the first day of a calendar month, the Management Fee for that particular month shall be prorated based on a 30-day month.

(b) **Management Fee Adjustment During Renovation at St. Mary's Square Garage.**

(1) The Manager acknowledges that the City intends to undertake certain renovations to the Garage. These renovations will take approximately 12 to 18 months ("Renovation Period") and could occur at anytime during the term of the Management Agreement. During the Renovation Period, the City shall have the right to reduce the Management Fee in accordance with the process described below.

(2) The Director shall provide Manager a minimum of sixty (60) days' advance written notice of the commencement of proposed renovation work at the Garage. Such notice shall specify the area of work and the estimated duration of the Renovation Period. Within ten (10) business days, Manager shall submit a proposed operating budget for operating the St. Mary's Square Garage and the 16th & Hoff Garage. The budget shall be prepared on a form provided by the Director. No later than ten (10) business days after receipt of the proposed operating budget the Director shall meet with Manager to review the proposed budget and reach agreement on a temporary management fee. If the two parties are unable to concur on the temporary management fee they will meet a second time within ten (10) business days after the initial meeting. Should the Director and Manager reach agreement, the Director and Manager shall execute a letter agreement affirming the amount of the temporary management fee. Should the parties fail to reach agreement, the Parking and Traffic Commission shall set the temporary



management fee and such fee shall not be less than fifty percent (50%) of the management fee specified in Section 5.1(a) hereof

(3) The temporary management fee shall remain in effect during the Renovation Period

5.2 [Intentionally omitted]

5.3 Appropriation This Management Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization is certified by the City Controller and any amount of the City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This section shall control against any and all other provisions of this Management Agreement. If for any budgetary period of the City, the City fails to appropriate sufficient funds for the payment of any amounts due under this Management Agreement, the City shall have the right to terminate this Management Agreement.

5.4 Fees During Suspended Operations. If for any reason whatsoever any condition prevents the operation of the Garage or any portion thereof at any time for more than thirty (30) consecutive days, except where such condition is caused solely by the City, the Management Fee shall be prorated commencing from the expiration of such 30-day period and continuing until the date the condition affecting the Garage has been abated and normal operations of the Garage have resumed. The Management Fee shall be adjusted so that the percentage that the Management Fee for the last complete month of operation prior to the condition bears to Gross Revenues for such month is the same percentage the adjusted Management Fee bears to the Gross Revenues for the months during the condition. This Section 5.4 shall not apply to events covered by Section 14 hereof.

5.5 Guaranteed Maximum Costs.

(a) City's Obligations Limited To Certification Amount. City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Gratuitous Services. Except as may be provided by City ordinances governing emergency conditions, City and its employees and officers are not authorized to request Manager to perform services or to provide materials, equipment and supplies that would result in Manager performing services or providing materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies agreed upon in this Management Agreement unless this Management Agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. City is not required to reimburse Manager for services, materials, equipment or supplies that are provided by Manager that are beyond the scope of the services, materials, equipment and supplies agreed upon in this

Exhibit BParking Rate ScheduleST. MARY'S SQUARE GARAGEAttendant Parking:

The Garage shall be operated with parking attendants during the hours of 4:00 a.m. to 6:00 p.m., Monday through Friday, at the following rates:

Attendant Hourly Parking:

0 - ½ hour	\$2.50	2 - 2½ hours	\$ 9.50
½ - 1 hour	\$4.00	2½ - 3 hours	\$11.50
1 - 1½ hours	\$5.50	3 - 3½ hours	\$13.50
1½ - 2 hours	\$7.50	Over 3½ hours	\$17.00

An Early Bird Rate of \$12 will be in effect for vehicles entering the Garage between the hours of 4:00 - 9:30 a.m. and exiting before 6:00 p.m.

Self Parking:

A self-park program has been instituted at the Garage during the hours between 6:00 p.m. and 4:00 a.m., Monday through Friday, and all day Saturday, Sunday and holidays, at the following rates:

Self-Park Hourly Parking (Saturday):

0 - 1 hour	\$1.00	4 - 5 hours	\$ 9.00
1 - 2 hours	\$2.50	5 - 6 hours	\$11.50
2 - 3 hours	\$4.50	6 - 7 hours	\$14.25
3 - 4 hours	\$7.00	Over 7 hours	\$16.50

Self-Park Hourly Parking (Monday - Friday 6:00 p.m. to 6:00 a.m.;  
All day Sundays and holidays):

0 - 1 hours	\$1.00
1 - 2 hours	\$2.50
Over 2 hours	\$4.50



Monthly Parking:

The rate for monthly parking shall be \$270.00 per month.

Lost Ticket Charge:

The rate for 24 hours of parking (\$17.00) shall be charged for each day, or part thereof, during which the vehicle has been parked in the Garage, unless Manager can verify that a greater charge is appropriate by identifying the lost ticket from the records.

16TH & HOFF GARAGEDaily:

Meter parking rates shall apply.

Monthly:

The rate for monthly parking shall be \$50.00 per month.

After Hour Lockout Charge:

A \$20.00 fee shall be charged for each visit to open the Garage after hours.



Item 9 - File 101-96-61.1

**Department:** Department of the Environment

**Item:** Release of reserved funds to install a telephone system in the office space of the Department of the Environment.

**Amount:** \$7,000

**Source of Funds:** General Funds - Funds previously appropriated to the Department of the Environment's FY 1996-97 budget.

**Description:** In April of 1997, the Board of Supervisors approved a supplemental appropriation in the amount of \$93,620 for costs associated with locating and establishing the Department of Environment's office (File 101-96-61). Included in this supplemental appropriation was funding to the amount of \$7,000 for the wiring and installation of the Department of Environment's telephone system. The \$7,000 was placed on reserve pending submission of actual costs of wiring and installation of the telephone system.

**Budget:** \$9,291. See Attachment provided by Ms. Nancy Lillegard of the Department of Telecommunications and Information Services.

**Comment:** The total cost to wire and install the telephone system is \$9,291. According to Ms. Beryl Magilavy of the Department of the Environment, the additional \$2,291 needed (total cost of \$9,291 less this request of \$7,000) was previously approved in the Department of Environment's FY 1996-97 budget for the wiring and installation of the telephone system.

**Recommendation:** Release the reserved funds of \$7,000 as requested.



## City and County of San Francisco

## Department of Telecommunications and Information Services (DTIS)

## Division of Telecommunications

(formerly Department of Electricity and Telecommunications - DET)

901 Rankin Street San Francisco, CA 94124

(415) 550-2700 (General Information) (415) 550-2710 (General Manager) (415) 550-2773 or 550-2728 (FAX)

## MEMORANDUM

DATE: AUGUST 4, 1997

TO: CHRISTIAN GRIFFITH  
BUDGET ANALYST

FROM: NANCY M. LILLEGARD

SUBJECT: MATERIALS LIST FOR DEPT. OF ENVIRONMENT

Christian, per our conversation last Friday regarding the estimate letter for the Department of Environment, the following is a list of materials that was included in the estimate. This is only an estimate, the materials required may change during the course of the actual work. There is some difference from the letter you have - two additional locations were added by Beryl (changed the connectors from 38 to 40) and the tax for the telephone sets are included in this estimate.

Quantity	Item Description	Cost
6 Boxes	Cat 5 Max Plen.	\$ 1,956.00
6 Boxes	Cat 3 Max Plen.	1,050.00
40	Cat 5 Connector	219.60
20	Cat 3 Connector	48.00
10	Faceplates	10.00
2	Max Patch Panel	60.00
1	Wire Block (110AW2-300)	36.00
2	Wire Block (110AW2-100)	20.00
1	100 Pr Feeder I/W Plen	100.00
1	Hinged Rack - 3'Hx19"Wx18"D	200.00
2	Lucent 720 Feature Phone	180.00
	Sales Tax (8.5%)	329.77
	Total Equipment	4,209.37
	Labor = 2 techs x 31 hrs x \$82.12/hr	5,091.44
	Total Estimate (Materials + Labor)	\$ 9,300.81 <sup>1</sup>

If you need any clarification of the above information please contact Flash Gordon directly. Flash can be reached at 550-2999.

If you need any additional information please let me know. I can be reached at 550-2960.

<sup>1</sup>The excess of \$9.81 between the total estimate and the \$9,291 request would be covered by the Department's FY 1997-98 budget.

Items 10 and 11 - Files 97-97-39 and 115-97-11

**Department:** Department of City Planning

**Item:** Item 10 - File 97-97-39 Ordinance amending the City Administrative Code by amending Section 31.46A, to extend the September 30, 1997 Sunset Clause to June 30, 1998.

Item 11 - File 115-97-11 Ordinance amending Article 3.5A of the Planning Code by amending Sections 359 to extend the September 30, 1997 Sunset Clause to June 30, 1998.

**Description:** Article 3.5A, Section 359 of the Planning Code, requires that effective July 1, 1991, and annually thereafter, the Board of Supervisors shall review the appropriateness of extending Article 3.5A, which governs fees for Department of City Planning's services. Section 359 requires that the Planning Commission hold public hearings at the end of each fiscal year to determine whether to initiate an ordinance to extend or modify these fees.

The proposed ordinances authorize an extension of all planning (File 115-97-11) and environmental (File 97-97-39) fees at the current levels until June 30, 1998. In accordance with the requirements of Section 359, a public hearing was held on July 17, 1997 in which the Planning Commission approved the proposed text of the amendment to the City Planning Code (File 115-97-11), extending the existing planning fee levels from September 30, 1997 until June 30, 1998. The Planning Commission also recommended the adoption of the proposed companion ordinance (File 97-97-39), which amends the Administrative Code to extend environmental review fees at current fee levels, from September 30, 1997 to June 30, 1998.

**Comments:** 1. Department of City Planning's fee levels were significantly increased in FY 1991-92 in order to provide increased staffing to eliminate permit backlogs and provide better service. At that time, a "sunset clause" was included in the Planning Code and the Administrative Code requiring that public hearings be held by the Planning Commission to evaluate the Department of City Planning's success in improving permit processing and the continued need for the increase in fee levels. Public hearings have been held by the Planning Commission, and the Sunset Clause has been extended annually each year since 1993. The proposed ordinance would extend the fee levels again, and continue the requirements of the sunset clause for an additional year, from September 30, 1997 to June 30, 1998.

2. In addition to the Department of City Planning's base fees, a surcharge of 1.8 percent was added to all Department of City Planning fees during FY 1996-97 for the continued computerization of the Department's operations. According to Mr. Milton Edelin of the Department of City Planning, this surcharge expired on June 30, 1997. Mr. Edelin advises that the proposed extension of fees excludes the computer surcharge.

3. The Department of City Planning's FY 1997-98 budget, as previously approved by the Board of Supervisors, includes the one-year extension of fee levels, as contained in the proposed ordinances.

**Recommendation:** Approve the proposed ordinances.



Items 12, 13, 14 and 15 - Files 271-97-8, 84-97-5, 168-97-2 and 84-97-4

**Departments:** Recreation and Park Department  
Real Estate Department  
Planning Department

**Items:** **File 271-97-8:** Resolution adopting California Environmental Quality Act (CEQA) findings and General Plan amendments which would approve amendments to San Francisco's General Plan in order to authorize the acquisition of Lot 3 in Assessor's Block 336 and Lots 5 and 5A in Assessor's Block 3639, to establish new parks in the Tenderloin/North of Market neighborhood and in the Mission District.

**File 84-97-5:** Resolution approving and authorizing an agreement for purchase and sale of real property in the Tenderloin District, generally described as 201 Hyde Street (Lot 3 in Assessor's Block 336), for open space purposes and adopting findings pursuant to Planning Code Section 101.1.

**File 168-97-2:** Motion directing the Board of Supervisors to hold a public hearing at 3 p.m. on an as yet-to-be-determined date to consider adopting a resolution of necessity in connection with a proposal to acquire by eminent domain Lot Nos. 5 and 5A in Assessor's Block 3639 for the Open Space Program.

**File 84-97-4:** Resolution authorizing acquisition of Lot Nos. 5 and 5A in Assessor's Block 3639 by eminent domain for the Open Space Program and adopting findings pursuant to the City's General Plan and Planning Code Section 101.1.

**Location:** **File 84-97-5:** San Francisco Assessor's Block 336, Lot 3 located at 201 Hyde Street on the northwest corner of Hyde and Turk Streets.

**Files 168-97-2 and 84-97-4:** San Francisco Assessor's Block 3639, Lots 5 and 5A located at the intersection of 23rd Street and Treat Avenue.

**Property Description:** **File 84-97-5:** The proposed property at 201 Hyde Street is a 68 foot by 69.5 foot vacant paved parcel of 4,726 square feet. This property is currently used for parking, and is being sold through a Court-appointed Receiver.

**Files 168-97-2 and 84-97-4:** The proposed property is a triangular 24,500 square foot unimproved lot. The vacant land is situated on the northern side of 23rd Street between

Treat Avenue and Folsom Streets. This vacant land is owned by Embarcadero Mortgage Fund II, et. al.

**Amount:** **File 84-97-5:** \$285,000, plus closing costs not to exceed \$3,000, or not to exceed a total of \$288,000

**Files 168-97-2 and 84-97-4:** \$1,075,000, plus closing costs not to exceed \$25,000, or not to exceed a total of \$1,100,000.

**Source of Funds:** Open Space Acquisition and Park Renovation Fund monies previously appropriated by the Board of Supervisors.

**Description:** **File 271-97-8:** The proposed resolution would adopt California Environmental Quality Act (CEQA) findings and amendments to the City's General Plan in order to enable the City to acquire two parcels of land for open space purposes: (1) 201 Hyde Street, at the northwest corner of Turk and Hyde Streets in the Tenderloin District (Lot 3 in Assessor's Block 336) and (2) the northwest corner of 23rd Street and Treat Avenue in the Mission District (Lots 5 and 5A in Assessor's Block 3639). The proposed resolution would also remove the designation of "Proposed Public Open Space, Acquire for or Convert to Public Open Space" from one parcel previously designated for open space purposes at 200 Hyde Street on the northeast corner of Turk and Hyde Streets in the Tenderloin District (Lot 21 in Assessor's Block 337) because this property is no longer intended to be purchased by the City for open space purposes. This resolution would also concur with the determination made by the Planning Department that these General Plan amendments are exempt from environmental review in accordance with CEQA.

Currently, the Recreation and Open Space Element of the City's General Plan does not designate either of these parcels as open space. In order to acquire and create parks on either of these parcels, the Board of Supervisors must first approve the proposed amendment to the City's General Plan (File 271-97-8) to designate the parcel at 201 Hyde Street and the parcel at 23rd Street and Treat Avenue for open space purposes.

**File 84-97-5:** The proposed resolution would authorize an agreement for the purchase and sale of the 201 Hyde Street property for open space purposes and adopt findings pursuant to City Planning Code Section 101.1. The proposed 201 Hyde Street parcel consists of a 4,726 square foot (68 feet x 69.5 feet) vacant lot which would be developed as a preschool playground for three to five year old children by

BOARD OF SUPERVISORS  
BUDGET ANALYST

the Recreation and Park Department. The property is currently paved and used as a parking lot. Prior to 1972, this site was used as a gas station. In accordance with the proposed resolution, the proposed purchase price is \$285,000, plus title insurance and escrow fees not to exceed \$3,000, for a total maximum cost of \$288,000.

**168-97-2 and 84-97-4:** In 1994, the Board of Supervisors approved a resolution authorizing the acquisition of the property at 23rd Street and Treat Avenue for open space purposes. At that time, Embarcadero Mortgage Fund II et. al. and the Director of Property entered into a Memorandum of Understanding (MOU) in order for the City to purchase Lots 5 and 5A at the purchase price of \$1,075,000. The MOU stated that the sellers would be responsible for investigating and remediating any hazardous materials and would deliver the site to the City free of all toxics and hazardous materials at no cost to the City. According to Mr. Harry Quinn of the Department of Real Estate, the site is contaminated from gas tanks which were formerly located at the site and is also contaminated with lead.

According to Mr. Quinn, the MOU was a temporary agreement that was to be replaced by a formal Purchase and Sale Agreement within 60 days after further testing for hazardous materials was performed. Mr. Quinn reports that the testing was completed in March of 1996 and that the MOU subsequently expired and was not replaced by a formal Purchase and Sale Agreement because the owners did not meet the terms of the MOU with regard to the remediation of hazardous materials.

Mr. Quinn reports that the City has submitted a Purchase and Sale Agreement to the owners of the property, which they have not signed. According to Mr. Quinn, the City and the owners of the property had previously agreed to a purchase price of \$1,075,000 and that the City would pay for the testing and remediation of lead contamination, but that the owners of the property have not signed the Agreement because they are in disagreement over the clean-up of the gas tank contamination.

Mr. Quinn reports that the City and the owners have agreed that the City will pay the up-front costs for the testing and lead remediation on the property and be reimbursed for such costs, up to a total of \$325,000, by crediting the amount toward the purchase price of the property. According to Mr. Quinn, such costs to the City are estimated at up to a total of

\$325,000 for lead testing (\$25,000) and remediation (\$300,000). According to the terms of the agreement, if actual costs are higher than \$325,000, the City is responsible for paying the balance and would not be reimbursed by the owners.

As noted above, Mr. Quinn advises that the owners of the property have not signed the Purchase and Sales Agreement because the City and the owners have been unable to reach agreement regarding the clean-up of the gas tank contamination on the property. According to Mr. Quinn, the City has offered to pay for the cost of the gas tank clean-up, and obtain reimbursement for the actual costs incurred by the City by crediting the amount toward the purchase price of the property. Mr. Quinn states that clean-up costs are estimated at \$100,000 to \$300,000, but that it is largely unknown what the actual costs will be until remediation work begins and the severity of the contamination is assessed. Mr. Quinn advises that the owners have not accepted this offer.

According to Mr. Andrew Schwartz of the City Attorney's Office, under State law the City may acquire property by eminent domain. The law establishes that the City may acquire property after it is determined at a public hearing that: (1) the public interest and necessity require the City to acquire the subject property; (2) the project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury; (3) the property sought to be acquired is necessary for the project; and (4) that the City has made an offer to purchase the property to the owners of the property. According to Mr. Schwartz, in order for the City to acquire the property by eminent domain, the Board of Supervisors must adopt a resolution of necessity at the conclusion of the public hearing.

The Department of Real Estate is now requesting that the Board of Supervisors adopt a motion (File 168-97-2) directing the Board to hold a public hearing to consider the proposed resolution (File 84-97-4) authorizing the acquisition of the property by eminent domain.

**Comments:**

**File 271-97-8:** 1. On July 24, 1997, the City Planning Commission adopted Amendments to the Recreation and Open Space Element of the City's General Plan to designate the proposed two parcels at 201 Hyde Street, on the northwest corner of Turk and Hyde Streets and 23rd Street and Treat Avenue for open space purposes and to remove



one parcel at 200 Hyde Street, on the northeast corner of Turk and Hyde Streets from the open space designation (City Planning Commission Resolution Nos. 14427 and 14429). In addition, on July 24, 1997 the City Planning Commission found the proposed project for the 201 Hyde Street parcel to be consistent with the eight priority policies of City Planning Code Section 101.1 (City Planning Resolution No. 14428).

**File 84-97-5: 2.** In response to the Recreation and Park Department's request for additional open space areas in the Tenderloin, in 1995, the Real Estate Department selected two vacant sites on the northwest and northeast corners of Turk and Hyde Streets for appraisal as potential park sites:

<u>Location</u>	<u>Size of Parcel</u>	<u>Appraisal Amount</u>
NE corner	7,656 sq. ft.	\$406,000
NW corner	4,726 sq. ft.	\$250,000

The Recreation and Park Department selected the larger site on the northeast corner of Turk and Hyde Streets and a purchase offer was made by the City for \$406,000. The owners of the northeast corner site, the Janitors Union Local 87, did not respond to the purchase offer. At that time, changes to the Recreation and Open Space Element of the City's General Plan were approved and the Recreation and Park Commission initially agreed to use eminent domain to acquire the desired site.

However, because an alternative, albeit smaller, site existed across the street, on the northwest corner of Turk and Hyde Streets, rather than proceed with eminent domain proceedings, the Recreation and Park Commission decided to purchase that site, which is now the subject of the proposed legislation (File 84-97-5).

3. On May 1, 1997, the Recreation and Park Commission approved the General Manager's Report: San Francisco Park and Open Space Program for Fiscal Year 1997-98. This report included acquisition of the proposed parcels of property. As shown in that report, \$1,000,000 of Open Space Funds have been set aside to acquire and develop the site at 201 Hyde Street.

According to Ms. Joanne Wilson of the Recreation and Park Department, once the property is purchased, the Recreation and Park Department will begin a planning process to determine the community's needs and desires for this park.

Until this community planning process is completed, detailed designs and precise development costs for the 201 Hyde Street property are not known. However, as noted above, a total of \$1,000,000 of Open Space Funds have been set aside to purchase and develop this property. As reflected in the proposed legislation, the purchase price plus expenses should not exceed \$288,000, leaving an existing available balance of \$712,000 to develop the property. Ms. Wilson also reports that until the development designs are completed, the ongoing maintenance expenses cannot be determined.

4. The proposed purchase price of \$285,000, for the 4,726 square foot parcel at 201 Hyde Street represents a cost of \$60.30 per square foot. As discussed above, the Department of Real Estate had previously appraised this parcel in 1995 at \$250,000. This parcel was then listed for sale in May, 1996 for \$325,000 by the Court-appointed receiver. The City negotiated the proposed purchase price of \$285,000 with the Court-appointed receiver in August, 1996.

According to Mr. Ken Chopping of the Real Estate Department, as part of the appraisal process, the Real Estate Department researched, viewed and discussed with buyers of every site sold in the Tenderloin from 1990 to 1995. The proposed purchase price of \$285,000 is a much lower price than this site would have sold for in the early 1990s, according to Mr. Chopping. Mr. Chopping reports that the real estate market has changed, and the proposed purchase price represents the current fair market value for this parcel.

5. The current seller of the 201 Hyde Street parcel is William R. Costello, Jr., Court-Appointed Receiver for Wells Fargo Bank. The owner defaulted on the loan payments and gave up control of this parcel to Wells Fargo Bank.

6. According to Mr. Robert Bryan of the City Attorney's Office, the proposed resolution (File 84-97-5) includes an Amendment of the Whole to make the resolution consistent with the existing Agreement of Purchase and Sale of the 201 Hyde Street property. This Amendment of the Whole would add a clause relating to the release of the owner and Receiver from any environmental claims the City may have because the City is agreeing to buy the proposed 201 Hyde Street property "as is". In addition, the proposed Amendment of the Whole indemnifies, defends and holds harmless the Receiver against environmental investigation and remedial obligations, except for up to \$25,000 for the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



removal of underground storage tanks and associated contamination to the extent the Receiver incurs such obligations solely as a result of its being associated with the title to the property.

7. As noted above, prior to 1972, the proposed 201 Hyde Street site was a gas station. Mr. Chopping reports that environmental surveys conducted by a private contractor hired by the City indicate a possible underground storage tank is on the site. However, the City recently conducted soil borings on the site and has not detected any contaminants on the site thus far. Because of the potential need for underground storage tank removal and cleanup, the proposed purchase includes a \$25,000 withhold of the purchase price, which would remain in escrow at the time of closing on the property. The City will then have 30 days to confirm the presence of underground storage tanks on the property and the need for removal. If the City fails to confirm the need for removal of underground tanks, the seller would receive the entire \$25,000. If the City confirms the need for removal of the underground storage tanks, the \$25,000 would be used to reimburse the City for costs related to the removal of the tanks and associated contamination, if any is found. If there are any funds remaining after the removal and associated contamination clean-up, the seller would receive these funds. Any costs incurred by the City to remove the tanks and the associated contamination in excess of \$25,000 would be the responsibility of the City. Any funds remaining in escrow after six months from the closing date will automatically revert to the seller.

8. The \$25,000 included in escrow for the above discussed tank removal and remediation is part of the \$285,000 purchase price. Therefore, if it is necessary for the City to use all of the \$25,000 to clean-up the property, the seller will net \$260,000 (\$285,000 less \$25,000) from the sale of the 201 Hyde Street property.

9. According to Mr. Chopping, the City has had various experiences with removing underground storage tanks from properties. Mr. Chopping reports that if underground storage tanks and associated contamination need to be removed from the 201 Hyde Street property, it is estimated to cost between \$20,000 to \$50,000 to complete the removal.

10. Mr. Chopping reports that on the 201 Hyde Street parcel, there are presently two outdoor advertising billboard signs which are attached to an adjacent building. These billboards currently protrude into the airspace of the

proposed parcel and would be removed by the advertising company, at no cost to the City, prior to the close of escrow.

11. According to the Assessor's Office, the assessed valuation of the 201 Hyde Street property to be acquired is \$285,473. Based on the proposed 1997-98 tax rate of \$1.19 per \$100 of assessed valuation (see Items 19 through 21, Files 74-97-1, 74-97-2 and 74-97-3 of this report to the Finance Committee), the annual taxes to be paid to the City on the property would be approximately \$3,397. Once the City acquires the property, such taxes would no longer be paid to the City.

**Files 168-97-2 and 84-97-4:** 12. Mr. Marvin Yee of the Recreation and Park Department reports that the 23rd Street and Treat Avenue property would be used for a park, playground and community garden and would be purchased entirely from monies available in the Open Space Program Fund. According to Mr. Yee, a total of \$1,500,000 for the property was appropriated in the Recreation and Park Department's budget in FY 1992-93 (\$750,000) and FY 1993-94 (\$750,000), previously approved by the Board of Supervisors. Mr. Yee advises that the development costs for the proposed property, estimated at \$450,000, and the annual maintenance costs, estimated at \$25,000, would be funded through the previously allocated and future requests for Open Space Program Fund monies.

13. According to Mr. Quinn, the purchase price of \$1,075,000 for 23rd Street and Treat Avenue parcel offered to the owners of the property represents the opinion of the Real Estate Department as to the current fair market value of the property. Mr. Quinn states that, although \$1,075,000 was the agreed upon purchase price in 1994, there has been no update to the appraised market value because the owners continue to agree to this purchase price and have not requested that the property be reappraised.

14. According to the Assessor's Office, the assessed valuation of the 23rd Street and Treat Avenue property to be acquired is \$2,424,345. Based on the proposed 1997-98 tax rate of \$1.19 per \$100 of assessed valuation (see Items 19 through 21, Files 74-97-1, 74-97-2, and 74-97-3 of this report to the Finance Committee), the annual taxes to be paid to the City on the property would be approximately \$28,850. Once the City acquires the property, such taxes would no longer be paid to the City.

15. According to Mr. Schwartz, if the Board of Supervisors approves the resolution authorizing the acquisition of the property by eminent domain (File 84-97-4) the matter will then be turned over to the San Francisco Superior Court to determine the fair market value of the property. The Court will decide the just compensation for the property as of the date that the complaint is filed with the Court or the date of the beginning of the trial, if the time between the filing of the complaint and the trial date is longer than one year. Mr. Schwartz advises that, if the Superior Court determines that the fair market value of the property, including closing costs, is in excess of \$1,100,000, the Controller must certify that funds are available. Mr. Schwartz states that an ordinance will be submitted to the Board of Supervisors for approval of any settlement or judgment to acquire the property by eminent domain.

16. The Department of City Planning reports that the proposed acquisition of the vacant land is in conformity with the Open Space Element of the City's Master Plan and is consistent with the Eight Priority Policies of the City Planning Code Section 101.1.

17. The motion directing the Board of Supervisors to hold a public hearing concerning acquiring the property through eminent domain (File 168-97-2) must be amended, by the full Board of Supervisors, to specify a date for such a public hearing.

**Summary:**

**File 271-97-8:** This resolution would adopt CEQA findings and amendments to the City's General Plan to enable the City to acquire the properties at (1) 201 Hyde Street and (2) 23rd Street and Treat Avenue for open space purposes and to remove such open space designation from the 200 Hyde Street property.

**File 84-97-5:** This resolution would authorize the City to purchase the 201 Hyde Street vacant property for \$285,000 plus expenses not to exceed \$3,000, or not to exceed a total of \$288,000, for development by the Recreation and Park Department as a playground. Due to possible underground storage tanks and related environmental remediation requirements, the purchase price includes \$25,000, to remain in escrow for the City to use toward cleaning-up the site. Open Space Funds of \$1,000,000 have previously been appropriated for acquisition and development of this site. As reflected in the proposed legislation, the purchase price plus expenses should not exceed \$288,000, leaving an available balance of \$712,000 to develop and maintain the

property, however, development and maintenance costs are unknown at this time. In 1997-98, the estimated annual taxes to be paid to the City on the property would be \$3,397. Once the City acquires the property, such taxes would no longer be paid to the City.

**Files 168-97-2 and 84-97-4:** The proposed motion (File 168-97-2) directs the Board of Supervisors to set a date and hold a public hearing in order to consider the proposed resolution of necessity (File 84-97-4) authorizing the acquisition of the vacant property, by eminent domain, of the vacant property at 23rd Street and Treat Avenue for open space purposes. Total acquisition costs for the property are not to exceed \$1,100,000, and the property would be developed into a park, playground and community garden. Open Space Funds of \$1,500,000 have previously been appropriated for the acquisition and development of this site. As reflected in the proposed legislation, the acquisition price plus expenses should not exceed \$1,100,000, leaving an available balance of \$400,000 to develop and maintain the property. The development costs for the proposed property are estimated at \$450,000 and the annual maintenance costs are estimated at \$25,000. If total acquisition, development and maintenance costs exceed the \$1,500,000 previously allocated, future requests for Open Space Program Fund monies will be made. In 1997-98, the estimated annual taxes to be paid to the City on the property would be \$28,850. Once the City acquires the property, such taxes would no longer be paid to the City.

- Recommendations:**
1. At the time the proposed motion (File 168-97-2) is considered by the full Board of Supervisors, the full Board of Supervisors should amend the motion to specify a date for a public hearing in accordance with Comment No. 17 above.
  2. Approval of the proposed motion and resolutions are policy matters for the Board of Supervisors.



Item 18 - File 101-97-5

**Department:** Controller

**Item:** Resolution establishing the City and County's appropriations limit for FY 1997-98 pursuant to Article XIII B of the California Constitution.

**Description:** The proposed resolution would establish \$1,296,120,529 as the 1997-98 adjusted appropriation limit or Gann spending limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage of change in population and the lesser of the percentage change in the cost of living or in per capita personal income. The State Government Code requires that each local government establish its appropriation limit (Gann Limit) by resolution each year.

The City's net Gann Limit must be adjusted for Trial Court Funding revenues. A transfer of \$15,687,000 of the City's Gann Limit must be made to the State of California in order to receive a State Trial Court Funding Block Grant of an equivalent amount. The State requires that the City and County Gann Limit be decreased by the net revenue amount that the City and County will receive from the State for Trial Court Funding so that the State Gann Limit can be increased by that same amount.

The Controller has computed the 1997-98 Gann Limit for the City and County of San Francisco as follows (percentages and computed amount have been rounded by the Controller):

1996-97 Gross Gann Limit	\$1,218,669,177
Adjusted by:	
Increase in Cost of Living	4.67%
Increase in Population	2.84%
1997-98 Gross Gann Limit	\$1,311,807,529*
Less Trial Court Funding Revenues	<u>(15,687,000)</u>
1997-98 Net Gann Limit	\$1,296,120,529

\* 1.0467 times 1.0284 equals 1.07642628 times \$1,218,669,177

The Controller's Office monitors revenues affected by the Gann Limit throughout the year. At year end, a final computation is prepared comparing actual proceeds of taxes to the Gann Limit. At that time, two tests must be met. First, all actual proceeds of taxes must be below the Gann Limit; and second, all actual proceeds of taxes collected must be appropriated. If either test is not met, according to Article XIII B, excess revenues collected must be returned to the taxpayers within two years.

The amount appropriated in the City's FY 1997-98 budget that is subject to the Gann Limit is \$1,079,674,690, which is \$216,445,839 less than the net 1997-98 Net Gann Limit of \$1,296,120,529. In accordance with the Annual Appropriation Ordinance, any 1997-98 tax proceeds in excess of current estimates will be appropriated to the City's General Fund General Reserve, which is used as a revenue source (a) to fund supplemental appropriations during the current fiscal year and (b) to fund the City's budget for the next fiscal.

**Comments:**

1. The Gann Limit was first applied in 1980-81 using the actual 1978-79 appropriations that would have been subject to the limit, had it existed then, as the base year (as called for by Article XIII B of the California Constitution). The 1978-79 base was adjusted for changes in per capita personal income, cost of living and population to obtain the 1980-81 limit. In each successive year, the prior year's limit was used as the base for computation of the new limit.

2. State Proposition 111, approved by the voters in June 1990, made several changes to the Article XIII B (3) which are reflected in the City's computations including an adjustment to exclude appropriations for "Qualified capital outlay as defined by the legislature" from proceeds of taxes. This results in a reduction of \$22,775,000 for FY 1997-98, from appropriations of proceeds of taxes subject to the limit.

3. Based on the City Attorney's memorandum of opinion of June 14, 1988, the City is excluding Court and Federal mandates from appropriations subject to the appropriations limit. The City Attorney's Office has previously advised that the exclusion of Court and Federal mandates is consistent with the meaning of Article XIII B. No previous legal challenges have been filed questioning this interpretation. The two mandates for FY 1997-98 totaling \$50,679,246, that are identified by a survey of all City departments and verified by the Controller's Office, are as follows:

Police Consent Decree	\$ 46,744,871
Federal Resource Conservation Act (Toxics)	<u>3,934,375</u>
Total Court and Federal Mandates	\$ 50,679,246

**Recommendation:** Approve the proposed resolution.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



Items 19, 20, and 21 - Files 74-97-1, 74-97-2 and 74-97-3

The proposed ordinances would establish the Fiscal Year 1997-98 Property Tax rates for the City and County of San Francisco including the Bay Area Air Quality Management District and the Bay Area Rapid Transit District (File 74-97-1), for the San Francisco Unified School District (File 74-97-2) and for the San Francisco Community College District (File 74-97-3). The Property Tax rate proposed for the City and County of San Francisco is \$1.00 per \$100 of assessed valuation which is the maximum allowable rate. The total Property Tax rate of \$1.190 per \$100 of assessed valuation for Fiscal Year 1997-98 for all of the jurisdictions named above, as calculated by the Controller, includes bond interest and redemption charges. The proposed Fiscal Year 1997-98 Property Tax rate of \$1.190 reflects an increase of \$0.007 over the Fiscal Year 1996-97 tax rate of \$1.183. The Controller's Office reports that the increase in the Property Tax rate for Fiscal Year 1997-98 reflects higher debt service requirements for General Obligation Bonds.

The Fiscal Year 1996-97 approved Property Tax rates and the Fiscal Year 1997-98 proposed Property Tax rates are as follows:

<u>General Tax Rates</u>	Approved Fiscal Year 1996-97 Rates	Proposed Fiscal Year 1997-98 Rates	Increase (Decrease)
City and County of San Francisco:			
General Fund	\$0.57951319	\$0.57739620	\$(0.00211699)
Children's Fund	.02500000	.02500000	-
Open Space Acquisition Fund	.02500000	.02500000	-
County Superint. of Schools	.00097335	.00097335	-
Library Preservation Fund	.02500000	.02500000	-
S.F. Unified School District	.28307417	.28485725	.00178308
S.F. Community College District	.05302862	.05336253	.00033391
Bay Area Air Quality Management District	.00208539	.00208539	-
Bay Area Rapid Transit District	.00632528	.00632528	-
Subtotal, General Fund Tax Rate	\$1.00	\$1.00	-
<u>Rates for Bonded Indebtedness</u>			
City and County of San Francisco	\$0.15637530	\$0.16380174	\$0.00742644
S. F. Unified School District	.00412470	.00369826	(.00042644)
Bay Area Rapid Transit District	.02250000	.02250000	-
Subtotal, Bonded Indebtedness	<u>\$0.183</u>	<u>\$0.190</u>	<u>\$0.007</u>
Total Combined Tax Rate	\$1.183	\$1.190	\$0.007

As compared with the current Fiscal Year 1996-97 Property Tax rate of \$1.183, the Fiscal Year 1997-98 proposed \$1.190 Property Tax rate will have the following effect on a tax bill for a single family residence assessed at \$400,000:

Fiscal Year	
<u>1996-97</u>	
Assessed Value	\$400,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$393,000 divided by \$100 x \$1.183 = \$4,649.19

Fiscal Year	
<u>1997-98</u>	
Assessed Value (1996-97)	\$400,000
Add 2% Cost of Living Increase	<u>8,000</u>
Subtotal	\$408,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$401,000 divided by \$100 x \$1.190 = <u>\$4,771.90</u>

Net Increase in Property Tax Bill for Fiscal Year 1997-98                      \$122.71

As shown above, homeowners of a single family residence, assessed at \$400,000, would experience a cost of living increase of 2 percent, as allowed under Proposition 13 for Fiscal Year 1997-98. In the example reflected above, the cost of living increase, combined with the increased rate for bonded indebtedness, results in a Property Tax increase of \$122.71.

### **Recommendation**

Approve the proposed ordinances.

Item 22 - File 101-97-7

The proposed ordinance would amend the previously approved Fiscal Year 1997-98 Annual Appropriation Ordinance (AAO) (File No. 101-97-2), as a prerequisite to levy the Property Tax rate. The proposed ordinance would make the following expenditure adjustment to the Fiscal Year 1997-98 AAO:

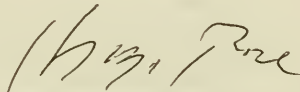
- Increase previously appropriated funds in the amount of \$81,896 to the Art Commission for the Municipal Symphony Orchestra (one-eighth of one cent per \$100 of assessed valuation) as required by Charter Section 16.106.

**Comment**

The Fiscal Year 1997-98 budget included \$717,209 for the Art Commission expenditures for the Municipal Symphony Orchestra. The proposed ordinance would increase this appropriation by \$81,896 to \$799,105 for Fiscal Year 1997-98. The proposed adjustment would have a net effect of decreasing the General Fund Reserve by \$81,896 from \$10,410,816 to \$10,328,920.

**Recommendation**

Approve the proposed ordinance.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Stephen Kawa  
Ted Lakey



# CALENDAR

## Finance Committee Board of Supervisors City and County of San Francisco

### SPECIAL MEETING

DOCUMENTS DEPT.

AUG 15 1997

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PUBLIC LIBRARY

MONDAY, AUGUST 18, 1997, 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE, ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

❖ ❖

### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



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The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.



FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING

MONDAY, AUGUST 18, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 127-97-6.1. [Hotel Tax Allocation, Cultural Center] Ordinance amending Municipal Code, Part III, by amending Section 515.01 to change the special purpose allocations of hotel tax revenues from percentages to specific dollar amounts, to adjust each allocation annually by the rate of growth or loss in total hotel tax revenues (subject to a ten percent cap) and to change the source of funds for the cultural center allocation. (Supervisor Kaufman)

ACTION:

2. File 127-97-4.1. [Hotel Tax Reallocation] Ordinance amending Municipal Code, Part III, Article 7 by amending Section 515.01 to allocate a portion of Hotel Tax Funds to the City-owned cultural centers. (Supervisor Bierman)  
(Continued from 7/9/97.)

ACTION:

3. File 155-97-1. [Reward Authorization] Ordinance authorizing payment of reward in the amount of \$5,000 to Doe One. (Mayor's Criminal Justice Council)

ACTION:

4. File 101-97-11. [Appropriation, Department of Public Works] Ordinance appropriating \$1,889,726, Department of Public Works, (\$1,189,726 of 1988 Public Library Improvement Bond Interest Earnings and \$700,000 of 1990 Earthquake Safety Bond Fund Interest Earnings) for the renovation of the Mission Branch Library for fiscal year 1997-98. RO #97064. (Mayor Willie L. Brown, Jr.)

ACTION:

5. File 101-97-10. [Appropriation, Dept of Business and Economic Dev.] Ordinance appropriating \$4,000,000, Department of Business and Economic Development, of Neighborhood Development Special Revenue Fund for salaries, fringe benefits, materials and supplies, other contractual services and services of other departments for fiscal year 1997-98. RO #97066. (Controller)

ACTION:

## LEGISLATION UNDER THE 30-DAY RULE

File No. 97-97-42, Grant Procedures, Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-43, Claims/Litigation Settlement Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-44, Employee Claims Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-45, State Disability Insurance Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 127-97-1.1, Emergency Response Fee Increase, Ordinance, (Mayor), 30 day Rule expires 9/3/97.

File No. 127-97-8, Taxation, Domestic Partner Owned Business, Ordinance, (Supervisor Leal), 30 day Rule expires 9/3/97.

File No. 97-97-49, Repeal Authority, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-50, Repeal Fee, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

Watch future calendars for scheduling of these matters.

**FINANCE COMMITTEE**  
S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

**IMPORTANT HEARING NOTICE!!!**

Bill Lynch  
Govt Information Ctr  
41 Main Library-Civic Center  
100 Larkin Street

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CITY AND COUNTY



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**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

August 14, 1997

**TO:** Finance Committee  
**FROM:** Budget Analyst *Recommendation - 100%*  
**SUBJECT:** August 18, 1997 Special Finance Committee Meeting

Item 1 - File 127-97-6.1

**Item:** Ordinance amending the San Francisco Municipal Code, Part III, Article 7 by amending Section 515.01 to change the special purpose allocations of Hotel Tax revenues from percentages to specific dollar amounts and to adjust each allocation annually by the rate of actual growth or reduction in total Hotel Tax revenues (subject to a 10 percent cap or floor).

**Description:** The Hotel Tax rate is currently 14 percent, consisting of an 8 percent base Hotel Tax rate plus a surcharge of 6 percent. Revenues from the 8 percent base rate, which are the subject of this legislation, are deposited in the Hotel Tax Fund and dedicated to specific programs. The Hotel Tax revenues realized from the 6 percent surcharge are allocated to the General Fund.

On July 21 1997, the Board of Supervisors approved two ordinances to change the existing allocations of Hotel Tax Fund monies to create two new specific program allocations: (1) a Hotel Tax allocation to the four City-owned Cultural Centers: a) the Bayview Opera House Ruth Williams Memorial Theater; b) the South of Market Cultural Center; c) the Mission Cultural Center for Latino Arts; and c) the Center for African and African American Art and Culture

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(File 127-97-4) and (2) a Hotel Tax allocation to the Mayor's Office of Protocol (File 127-97-6).

Under current law, each Hotel Tax allocation is based on a percentage of Hotel Tax revenues realized by the City in the prior fiscal year. Under the proposed ordinance, Hotel Tax allocations would be based on specific dollar amounts, instead of percentages. The allocations, which total \$76,957,319 in FY 1997-98, would be adjusted annually by the rate of actual growth or reduction in Hotel Tax revenues, subject to a floor and ceiling of 10 percent.

Under this proposed legislation, the Convention and Visitors Bureau would be subject to an annual adjustment indexed to changes in the Hotel Tax beginning in FY 1999-2000, and the Cultural Centers would be subject to an annual adjustment indexed to changes in the Hotel Tax beginning in FY 2000-2001.

The Attachment, using projections provided by the Controller's Office, shows the present allocation of Hotel Tax monies compared to the reallocations under this proposed subject ordinance.

**Comment:**

The Controller's Office has reviewed the Attachment to this report and concurs with the amounts as shown in our Attachment. The Budget Analyst notes that the actual amount of monies from the Hotel Tax Fund to be received by the City-owned Cultural Centers and the other specified allocations under the Hotel Tax Fund may be more or less than the estimates shown on the Attachment, depending on the actual Hotel Tax Revenues to be realized by the City in each Fiscal Year.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



	FY 1997-98			FY 1998-99			FY 1999-00 and thereafter		
	Current Percentage Allocation and Projected Revenue (Est. Hotel Tax Fund Revenue - \$76,570,791)	Proposed Set Dollar Allocation	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue (Est. Hotel Tax Fund Revenue - \$91,547,892)	Proposed Set Dollar Allocation with Annual Adjustment (6.5% increase)	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue (Est. Hotel Tax Fund Revenue - \$98,033,026)	Proposed Set Dollar Allocation with Annual Adjustment (5.5% increase)	Revenue Increase (Decrease)
Convention Facilities	41,770 \$31,983,619	\$31,983,619	\$0	41,770 \$34,062,554	\$34,062,554	\$0	41,770 \$35,935,995	\$35,935,995	\$0
Convention & Visitor's Bureau	7,760 \$5,941,893	\$5,941,893	\$0	9,760 \$7,959,074	\$7,000,000	(\$959,074)	9,760 \$9,396,823	\$7,385,000	(\$1,011,823)
Low Income Housing: Yerba Buena Redev Area	6,230 \$4,810,360	\$4,810,360	\$0	6,230 \$5,120,434	\$5,123,033	\$2,600	6,230 \$5,399,858	\$5,404,800	\$4,943
War Memorial	9,760 \$7,473,309	\$7,473,309	\$0	9,760 \$7,959,074	\$7,959,074	\$0	9,760 \$9,396,823	\$8,356,823	\$0
Candlestick Point	6,230 \$4,770,360	\$4,770,360	\$0	6,230 \$5,080,434	\$5,080,433	\$0	4,230 \$3,639,197	\$5,359,857	\$1,720,660
Publicity/Advertising <sup>1</sup> (Recurring Events)	16,260 \$11,800,411	\$11,800,411	\$0	16,260 \$12,459,687	\$12,459,688	\$0	16,260 \$13,443,400	\$12,744,971	(\$698,430)
Publicity/Advertising (Non-Recurring Events)	0,250 \$191,427	\$191,427	\$0	0,250 \$203,870	\$203,870	\$0	0,250 \$215,063	\$215,063	\$0
Cultural Equity Endowment	2,250 \$1,722,843	\$1,722,843	\$0	2,250 \$1,834,828	\$1,834,828	\$0	2,250 \$1,935,743	\$1,935,743	\$0
Asian Art Museum	2,045 \$1,565,873	\$1,565,873	\$0	2,045 \$1,667,654	\$1,667,655	\$0	2,045 \$1,759,376	\$1,759,376	\$0
Fine Arts Museums	5,155 \$3,947,224	\$3,947,224	\$0	5,155 \$4,203,794	\$4,203,794	\$0	5,155 \$4,435,002	\$4,435,002	\$0
Mayor's Protocol Office	2,000 \$1,532,416	\$1,500,000	(\$31,416)	0,000 \$0	\$1,597,500	\$1,597,500	0,000 \$0	\$1,685,363	\$1,685,363
Cultural Centers <sup>2</sup>	0,000 \$650,000	\$1,250,000	\$600,000	0,000 \$800,000	\$1,700,000	\$900,000	2,000 \$2,266,230	\$2,200,000	(\$66,230)

1 Currently, \$650,000 in FY 1997-98, \$800,000 in 1998-99, and 3.9 percent in FY 1999-2000 and thereafter of the amount allocated to Publicity/Advertising - Recurring Events is transferred to the Cultural Centers. Under the proposed ordinance, \$650,000 in FY 1997-98, \$800,000 in 1998-99, and \$400,000 in FY 1999-2000 and thereafter (subject to an annual adjustment) would be transferred from Publicity/Advertising-Recurring Events to the Cultural Centers.

2 As noted above, both currently and under the proposed ordinance, the Cultural Centers receive a portion of the monies allocated to Publicity/Advertising-Recurring Events.



Item 2 - File 127-97-4.1

**Item:** Ordinance amending the San Francisco Municipal Code, Part III, Article 7 by amending Section 515.01 to allocate a portion of the City's Hotel Tax Funds to City-owned Cultural Centers, for FY 1997-98 and FY 1998-99.

**Description:** The Hotel Tax rate is currently 14 percent, consisting of an 8 percent base Hotel Tax rate plus a surcharge of 6 percent. Revenues from the 8 percent base rate, which are the subject of this legislation, are deposited in the Hotel Tax Fund and dedicated to specific programs. The Hotel Tax revenues realized from the 6 percent surcharge are allocated to the General Fund.

On July 21 1997, the Board of Supervisors approved two ordinances to change the existing allocations of Hotel Tax Fund monies to create two new specific program allocations: (1) a Hotel Tax allocation to the four City-owned Cultural Centers: a) the Bayview Opera House Ruth Williams Memorial Theater; b) the South of Market Cultural Center; c) the Mission Cultural Center for Latino Arts; and d) the Center for African and African American Art and Culture (File 127-97-4) and (2) a Hotel Tax allocation to the Mayor's Office of Protocol (File 127-97-6).

Under the previously approved ordinance (File 127-97-4), beginning in FY 1999-2000, a portion of Hotel Tax Funds, currently allocated to 3 Com Park at Candlestick Point Stadium, which are presently being used to pay off the Stadium debt service, will be reallocated to the Cultural Centers. According to Mr. Madden, the Stadium debt service will be fully paid in FY 1999-2000. Currently, the Municipal Code states that, at such time as no more funds are required for payment of such debt service, two percent of Hotel Tax Fund revenues shall be reallocated for the arts. The previously approved ordinance (File 127-97-4) also provided that \$650,000 in FY 1997-98, \$800,000 in FY 1998-99, and 3.9 percent in 1999-2000 and thereafter, of the Hotel Tax Fund monies allocated to Publicity/Advertising - Recurring Events, be reallocated to the City's Cultural Centers.

In addition to such Hotel Tax allocations for the Cultural Centers previously approved under File 127-97-4, the subject proposed ordinance (File 127-97-4.1) would provide additional Hotel Tax funding for the City-owned Cultural Centers for two years only: FY 1997-98 and FY 1998-99. The Cultural Centers would receive an additional 0.798 percent of Hotel Tax Fund monies in FY 1997-98 and 1.137 percent in FY

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1998-99 through a reduction of Hotel Tax revenues allocated to Convention Facilities, the Convention and Visitors Bureau, and the War Memorial.

The Attachment, using projections provided by the Controller's Office, shows the present allocation of Hotel Tax monies compared to the reallocations under this proposed subject ordinance.

**Comment:** The Controller's Office has reviewed the Attachment to this report and concurs with the amounts as shown in our Attachment. The Budget Analyst notes that the actual amount of monies from the Hotel Tax Fund to be received by the City-owned Cultural Centers and the other specified allocations under the Hotel Tax Fund may be more or less than the estimates shown on the Attachment, depending on the actual Hotel Tax Revenues to be realized by the City in each Fiscal Year.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Projected Hotel Tax Fund Allocations (File 127-97-4.1)

	FY 1997-98 (est. revenue — \$76,570,791)			FY 1998-99 (est. revenue — \$81,547,892)			FY 1999-00 and thereafter (est. revenue — \$86,033,026)		
	Current Percentage Allocation and Projected Revenue	Proposed Percentage Allocation and Projected Revenue	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue	Proposed Percentage Allocation and Projected Revenue	Revenue Increase (Decrease)	Current Percentage Allocation and Projected Revenue	Proposed Percentage Allocation and Projected Revenue	Revenue Increase (Decrease)
Convention Facilities	41,770 \$31,983,619	41,177 \$31,529,555	(\$454,064)	41,770 \$34,062,554	40,889 \$33,352,272	(\$710,282)	41,770 \$35,935,995	41,770 \$35,935,995	\$0
Convention & Visitor's Bureau	7,780 \$5,941,893	7,621 \$5,835,450	(\$106,433)	9,760 \$7,959,074	9,557 \$7,793,532	(\$165,542)	9,760 \$8,396,823	9,760 \$8,396,823	\$0
Low Income Housing, Yerba Buena Redevelopment Area	6,230 \$4,770,360	6,230 \$4,770,360	\$0	6,230 \$5,080,434	6,230 \$5,080,434	\$0	6,230 \$5,369,858	6,230 \$5,369,858	\$0
War Memorial	9,760 \$7,473,309	9,694 \$7,422,772	(\$50,537)	9,760 \$7,959,074	9,697 \$7,907,659	(\$51,375)	9,760 \$8,396,823	9,760 \$8,396,823	\$0
Candlestick Point	6,230 \$4,770,360	6,230 \$4,770,360	\$0	6,230 \$5,080,434	6,230 \$5,080,434	\$0	4,230 \$3,639,197	4,230 \$3,639,197	\$0
Publicity/Advertising <sup>1</sup> (Recurring Events)	16,260 \$11,800,411	16,260 \$11,800,411	\$0	16,260 \$12,459,687	16,260 \$12,459,687	\$0	16,260 \$13,443,400	16,260 \$13,443,400	\$0
Publicity/Advertising (Non-Recurring Events)	0,250 \$191,427	0,250 \$191,427	\$0	0,250 \$203,870	0,250 \$203,870	\$0	0,250 \$215,083	0,250 \$215,083	\$0
Cultural Equity Endowment	2,250 \$1,722,843	2,250 \$1,722,843	\$0	2,250 \$1,834,828	2,250 \$1,834,828	\$0	2,250 \$1,935,743	2,250 \$1,935,743	\$0
Asian Art Museum	2,045 \$1,565,873	2,045 \$1,565,873	\$0	2,045 \$1,667,654	2,045 \$1,667,654	\$0	2,045 \$1,759,376	2,045 \$1,759,376	\$0
Fine Arts Museums	5,155 \$3,947,224	5,155 \$3,947,224	\$0	5,155 \$4,203,794	5,155 \$4,203,794	\$0	5,155 \$4,435,002	5,155 \$4,435,002	\$0
Mayor's Protocol Office	2,000 \$1,532,416	2,000 \$1,532,416	\$0	0,000 \$0	0,000 \$0	\$0	0,000 \$0	0,000 \$0	\$0
Cultural Centers <sup>2</sup>	0,000 \$650,000	0,798 \$1,261,035	\$611,035	0,000 \$800,000	1,137 \$1,727,200	\$927,200	2,000 \$2,666,230	2,000 \$2,666,230	\$0

1 Currently, \$650,000 in FY 1997-98, \$800,000 in 1998-99, and 3.9 percent in FY 1999-2000 and thereafter of the amount allocated to Publicity/Advertising - Recurring Events is transferred to the Cultural Centers.

2 As noted above, both currently and under the proposed ordinance, the Cultural Centers receive a portion of the monies allocated to Publicity/Advertising-Recurring Events.





Item 3 - File 155-97-1

**Department:** Mayor  
Police Department

**Item:** Ordinance authorizing payment of reward to Doe One.

**Reward Amount:** \$5,000

**Source of Funds:** General Fund - FY 1997-98 Claims and Judgments Account

**Description:** The Police Department has reported that on December 25, 1995, a MUNI bus driver, Mr. Milton James, was attacked and robbed while on his bus route at Westpoint and Middlepoint Roads. In the ensuing investigation, police were able to identify the perpetrator, but could not establish the suspect's whereabouts after exhausting all possible leads in the case.

As part of the investigation into the crime against Mr. James, the Police Department requested that the Mayor exercise his authority under Section 10.177.1 of the City's Administrative Code to offer a \$5,000 reward for information leading to the apprehension and conviction of the suspect.

The Mayor offered a \$5,000 award on June 10, 1996. Subsequently, an individual, referred to legally as "Doe One," provided information to the Police Department leading to the apprehension and conviction of the suspect.

The suspect entered a guilty plea and was convicted and sentenced on May 5, 1997.

According to the Police Department, the assistance of Doe One was critical in leading to the apprehension and conviction of the suspect. As such, the Mayor is requesting that the Board of Supervisors approve the proposed ordinance which would authorize the payment of the \$5,000 reward to Doe One.

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**Recommendation:** Approve the proposed ordinance.

Item 4 - File 101-97-11

**Department:** Department of Public Works  
Public Library

**Item:** Supplemental appropriation for the renovation of the Mission Branch Library.

**Amount:** \$1,889,726

**Source of Funds:**

\$1,189,726	1988 Library Improvement Bond Interest
<u>700,000</u>	1990 Earthquake Safety Program (ESP2)
	Bond Interest
\$1,889,726	Total

**Description:** The proposed supplemental appropriation would fund an additional appropriation for temporary relocation and completion of the renovation of the Mission Branch Library. The Mission Branch Library is currently located at 3359 24th Street. The proposed renovation of the Mission Branch Library includes major seismic upgrades, new heating, ventilation and air conditioning (HVAC) systems, disabled access, redesign of interior space and the addition of two exit staircases.

The temporary relocation of the Mission Branch to the fifth floor of the Bay View Federal Bank at 2601 Mission Street (crosstreet is 22nd Street), is scheduled to begin in September of 1997. Renovation of the existing Mission Branch Library is anticipated to begin in November of 1997 and to be completed by January of 1999, a period of 15 months. It is anticipated that the Mission Branch Library will be temporarily relocated to the Bay View Federal Bank at 2601 Mission Street for approximately two years.

In 1988, the San Francisco voters approved a \$109.5 million General Obligation Bond measure for Public Library Facilities Improvements. Of the total \$109.5 million, the New Main Library was allocated \$104.5 million and the Branch Libraries were allocated \$5 million. Since the issuance of the Public Library bonds, these bonds have accrued approximately \$16.2 million of interest earnings, of which approximately \$12.7 million has been appropriated. The proposed ordinance would appropriate \$1,189,726 of these interest earnings for the Mission Branch Library project.

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In 1990, the San Francisco voters approved a \$332.4 million General Obligation Bond measure for an Earthquake Safety Program to repair and seismically upgrade earthquake-damaged City buildings. Since the issuance of the Earthquake Safety Bonds, these bonds have accrued approximately \$35 million of interest earnings, of which approximately \$18 million has been appropriated. The proposed ordinance would appropriate \$700,000 of these interest earnings for the Mission Branch Library project.

In July of 1995, the Department of Public Works (DPW) estimated the total costs, including design, construction management services, relocation, construction and contingency costs would total \$3,304,536 for the proposed renovation of the Mission Branch Library. However, the DPW now estimates that the total costs for the Mission Branch Library will total \$4,316,800, or \$1,012,264, approximately 30.6 percent more than the previous estimate.

**Budget:**

According to Mr. Roger Wong, the DPW Project Manager for the Mission Branch Library renovation project, the previous budget estimate and the revised budget estimate are as follows:

<b>Design &amp; Miscellaneous Costs</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Increase Over Original Budget</b>
Arch/Engineering Design	\$548,165	\$621,165	\$73,000
Survey & Investigation	32,035	35,035	3,000
Field Invest. & Contract Prep.	6,100	13,300	7,200
Add Peer Review/Cost Estim.	22,700	80,042	57,342
Permit Fees	<u>36,000</u>	<u>36,000</u>	<u>0</u>
Subtotal	\$645,000	\$785,542	\$140,542

**Construction and Contingency**

Construction	2,012,727	2,307,000	294,273
Contingency	<u>205,615</u>	<u>446,567</u>	<u>240,952</u>
Subtotal	\$2,218,342	\$2,753,567	\$535,225

**Construction Support Services**

Construction Mgmt & Admin	190,000	335,000	145,000
Testing & Special Inspection	85,000	85,000	0
Asbestos/Lead Monitoring	<u>0</u>	<u>12,891</u>	<u>12,891</u>
Subtotal	\$275,000	\$432,891	\$157,891

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<b>Other Expenses</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Increase Over Original Budget</b>
Paging/Public Address/Security	0	48,000	48,000
Relocation	<u>166,194</u>	<u>296,800</u>	<u>130,606</u>
Subtotal	\$166,194	\$344,800	\$178,606
<b>Total</b>	<b>\$3,304,536</b>	<b>\$4,316,800</b>	<b>\$1,012,264</b>

According to Mr. Wong, the Architectural/Engineering Design costs increased by \$73,000, due to (1) additional services requested by the Public Library to provide air conditioning in the children's reading area, to improve the lighting design, develop a paging system and the associated architectural changes resulting from these modifications and (2) \$36,000 for the DPW's Bureau of Architecture to provide special design and detailing work to adjust the plans and specifications following the structural peer review conducted by Degenkolb Structural Engineers, which is neither an MBE nor WBE. This review resulted in recommendations to move various steel columns within the walls of the building for greater support, which are included in the proposed changes for the construction

Mr. Wong reports that the \$3,000 increase for Survey & Investigation is for an asbestos survey to be conducted by DPW's Bureau of Constuction Management (BCM) at an hourly rate of \$68 based on an estimated 44 hours.

Mr. Wong notes that the \$7,200 increase for Field Investigation and Contract Preparation is based on (1) \$5,000 for DPW's BCM to prepare contracts at an hourly rate of \$68 per hour for approximately 74 hours and (2) \$2,200 for the Bureau of Building Repair to conduct further field investigations at the Mission Branch Library in order to avoid future unnecessary additional changes at an hourly rate of \$68 per hour for approximately 33 hours.

According to Mr. Wong, the Additional Peer Review/Cost Estimating expenses of \$57,342 were added to the project as a result of Turner Construction's work concerning changes in the phasing of the construction project, Degenkelb Structural Engineer's peer review and project design changes that were necessary prior to going to bid for the construction. Turner Construction is neither an MBE nor WBE firm. The increase in expenses is based on the following hours and hourly rates:

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<u>Position</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
Architect	\$115	138	\$15,890
Principal	150	115	17,200
Estimator	90	270	<u>24,252</u>
Total			\$57,342

In terms of the Construction costs, the proposed increase of \$294,273 is due to additional structural costs resulting from the structural peer review (\$74,340), the inclusion of a PG&E transformer and services (\$80,000), the construction of an electrical vault in the sidewalk (\$48,000), changes to the exterior (\$42,273), interior finishes (\$34,220) and other mechanical (\$9,440) and electrical (\$6,000) changes not included in the original project scope.

The construction contingency is estimated to increase by \$240,952 from \$205,615, a 10.2 percent construction contingency to \$446,567 a 19.4 percent construction contingency. According to Mr. Wong, based on other renovation and retrofitting projects of existing older buildings in the City, a contingency factor of ten percent is not sufficient to cover significant modifications that may be necessary in historical buildings. For example, Mr. Wong reports that renovation of Fire Station 24 and 44 required a 15 percent contingency. In addition, Mr. Jim Cheng of DPW reports that the Chinatown Branch Library renovation project had an actual construction contingency of 129 percent. This is based on the original construction bid of \$3,165,000, as compared with the final construction cost of \$7,250,000, resulting in an actual construction overrun of 129 percent for the Chinatown Branch Library.

Mr. Wong reports that the Construction Management and Administrative services costs are projected to increase from \$190,000 to \$335,000, an increase of \$145,000, or 76 percent, due to the change in the project's scope and the increase in the projects' construction and contingency. According to Mr. Wong, DPW's original estimate of \$190,000 is insufficient for DPW to adequately manage and administer the proposed Mission Branch Library project. Details of the number of hours per week, the hourly rates and the total number of hours and associated costs for the construction management and administrative services personnel are as follows:

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<u>Constuction Management</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
Inspector	\$64	1,560	\$99,840
Resident Engineer	71	1,040	73,840
Office Engineer	58	624	36,192
Scheduling Engineer	64	312	19,968
Prevailing Wage Monitoring	71	284	<u>20,160</u>
Subtotal			\$250,000
 <u>Construction Administration</u>			
Project Manager	81	208	\$16,848
Architect	74	624	46,176
Secretary	65	312	<u>20,280</u>
Subtotal			\$85,000
Total			\$335,000

The addition of \$12,891 for Asbestos/Lead Monitoring is for oversight, air monitoring and clearance inspections by DPWS Bureau of Construction Management at an hourly rate of \$67 per hour for 48 hours, or \$3,216 and the asbestos monitoring contractor, ACC Environmental Consultants, a WBE and LBE firm, for a cost of \$9,675.

Mr. Rich Walsh of the Public Library reports that the Paging, Public Address and Security systems were added to the proposed project at the request of the Library to ensure an acceptable level of emergency response and security within the facility. These systems resulted in an additional cost of \$48,000, as provided by the Department of Electricity and Telecommunications.

The Relocation costs of \$296,800 were based on updated costs provided by the Public Library to the Mayor's Office as recently as July 30, 1997. It should be noted that the Public Library's original estimate of \$166,194 for relocation expenses increased to \$250,000, an increase of \$83,806 or 50 percent, when this request for the supplemental appropriation was submitted by the DPW.

As shown in the Attachment, on August 13, 1997, the Public Library submitted another revised expense report for relocation to the Budget Analyst totalling \$309,800. This report included an increase of \$13,000 from the prior \$296,800 estimate, for a Book Detection system, which according to Ms. Robin Burgstahler of the Public Library, is necessary to replace the current obsolete Book Detection system in the Mission Branch Library. However, in the professional judgement of the Budget Analyst, replacement of obsolete equipment should be

part of the Public Library's regular equipment operating budget and should not be included as part of this bond funded project. Therefore, the Budget Analyst recommends approval of \$296,800 for relocation expenses for the Public Library and does not recommend that the Board of Supervisors add another \$13,000 to this subject request. As shown in the Attachment, the temporary relocation to the Bay View Federal Bank at 2601 Mission Street will be for an estimated two years.

**Comments:**

1. To date, a total of \$2,427,074 has been appropriated for the Mission Branch renovation project. If the proposed supplemental appropriation of \$1,889,726 is approved, a total of \$4,316,800 would be appropriated for this project, from the following sources:

Library Bond Funds	\$355,750
Library Bond Fund Interest	2,414,471
ESP2 Bond Fund	150,000
ESP2 Bond Fund Interest	700,000
State Grant	<u>696,579</u>
Project Total	\$4,316,800

2. In the professional judgement of the Budget Analyst, it appears that the original budget of \$3,304,536 for the relocation and renovation of the Mission Branch Library was not adequately developed by DPW. This has resulted in the proposed increase of \$1,012,264, or a 30.6 percent increase in the budget. DPW's Project Manager for the Mission Branch Library, Mr. Wong, reports that the proposed supplemental appropriation includes the additional costs for the proposed relocation and renovation of the Mission Branch Library. Mr. Wong reports that he does not anticipate requiring any additional funds to complete this project.

3. The current Mission Branch Library is 8,860 square feet as compared to the 5,198 square feet of the temporary relocation branch at the Bay View Federal Bank. The Board of Supervisors recently approved a resolution (File 64-97-6) approving this lease of space for the temporary Mission Branch Library at a cost of \$6,497.50 per month, or \$77,970 per year. This lease extends for five years, with the City having an option to cancel the lease at any time after the second year.

4. According to Ms. Burgstahler, the Mission Branch Library will close the end of August, 1997 until early October, 1997. However, Ms. Burgstahler reports that the

children's room of the Mission Branch Library will remain open until approximately mid-September, 1997. The new Mission Branch Library at the Bay View Federal Bank will open in early October, 1997.

5. Mr. Wong reports that DPW received one bid from Trico Construction, a WBE and LBE firm, for \$1,944,000. According to Ms. Veronica Ng of the Human Rights Commission, since the City advertised this contract in May, 1997, prior to the June 1, 1997 implementation date of the Equal Benefits Ordinance, the contractor, Trico Construction would not be legally bound by the Equal Benefits Ordinance. However, Ms. Ng reports that Trico Construction has reported that they will make good faith efforts to comply with the City's Equal Benefits Ordinance and Ms. Ng is working with Trico Construction to submit all of the necessary documents at this time.

6. As reported above, the construction estimate by DPW is \$2,307,000 or \$363,000 more than the actual construction bid. Therefore, the proposed supplemental appropriation should be reduced by \$363,000 to reflect the actual construction bid. In addition, the construction contingency should be correspondingly reduced from the proposed \$446,567 to \$377,136, a reduction of \$69,431, to reflect the lower construction costs. Together, this would result in a reduction of \$432,431 (\$363,000 plus \$69,431). The Budget Analyst notes that this reduction will still retain a 19.4 percent contingency for the proposed project.

7. DPW has requested that these additional funds totalling \$432,431 be approved in the proposed supplemental, as additional contingency funds. However, the Budget Analyst notes that the proposed contingency is already at 19.4 percent, which is nearly double the original 10.2 percent contingency originally requested. Furthermore, the Budget Analyst is not recommending any additional reductions in the construction management costs, although the management costs are proposed by DPW to be increased based on the increased cost of the construction and associated contingency costs. In addition, if the costs increase further, the DPW should be required to come back to the Board of Supervisors to explain any further increases. As noted above, the proposed supplemental appropriation reflects an overall increase of 30.6 percent over the previous estimates.

**Recommendations:** Reduce the proposed supplemental appropriation of \$1,889,726 by \$432,431 to \$1,457,295, in accordance with Comment No. 6 above. This reduction reflects the fact that the actual construction bid is \$363,000 less than the amount requested in this ordinance and reflects a \$69,431 reduction in construction contingency account which still provides a 19.4 percent construction contingency for the Mission Branch Library project, which is nearly double the 10.2 percent contingency originally requested.

To accomplish this reduction, amend the ordinance to reduce the Funding source - 1990 Earthquake Safety - Phase 2 by \$432,431 (from \$700,000 to \$267,569) and reduce the Funding Use - 1990 Earthquake Safety - Phase 2 by \$432,431 (from \$700,000 to \$267,569).

Approve the proposed ordinance, as amended.

Attachment

SAN FRANCISCO PUBLIC LIBRARY

ACCESS, DISCOVERY, KNOWLEDGE

Date: August 13, 1997

To: Regina Minudri

From: Robin Burqstahler

Re: Mission Branch Relocation Estimate

We need to allow for a number of separate activities in our budget for Mission branch temporary relocation. Our earlier estimate for relocation was \$250,000. Our current estimate is somewhat higher and is itemized below.

	<u>Item Description</u>	<u>Cost</u>
1.	Rent: Monthly cost \$6,497.50 based upon 24 months	\$ 155,940
2.	Move to Temp site, set up of shelving, etc	\$ 25,000
3.	Additional Staffing	\$ 26,838
	1 FTE PTAN Librarian 1	
	Six weeks	\$ 4,920
	6 FTE Pages	\$17,152
	6 weeks each	
	1.4 FTE Security	\$ 4,766
	4 weeks	
4.	Tenant Improvements	\$ 45,000
	Book Return	\$ 2,600
	Book Detection	\$13,000
	DET Costs:	\$24,400
	Data circuit+	
	PG&E+teleCom	
	Misc Items	\$ 5,000
5.	Return Move to Branch	\$ 27,500
	Repeats cost of #2 above with 10% escalation factor	
6.	Additional staff, return move	\$ 29,522
	Repeats cost of #3 above with 10% escalation factor	
	Total Cost Estimate	\$ 309,800

C: R Walsh, M Schneider, D Cornue





Item 5 - File 101-97-10

**Department:** Mayor's Treasure Island Project Office

**Item:** Supplemental appropriation ordinance appropriating \$4,000,000 for costs incurred by the Department of Business and Economic Development for the Treasure Island Program.

**Amount:** \$4,000,000

**Source of Funds:** United States Navy

**Description:** Background

The Naval Station located on Treasure Island and Yerba Buena Island (together, the Naval Station Treasure Island, also called the "Base") was selected for closure by the Federal Government. The closure of the Naval Station is currently scheduled to occur on or about October 1, 1997. The City and County of San Francisco has been designated as the Local Reuse Authority for the Naval Station.

The Naval Station is still owned by the Federal Government. However, the Mayor's Office has been engaged in negotiations with the Navy in anticipation that the City will ultimately assume full ownership of the Naval Station. The Board of Supervisors approved Resolution No. 672-96 in July of 1996 endorsing a draft reuse plan for the Base as the preferred alternative for purposes of initiating environmental analysis and meeting the requirements of Federal base closure laws. In November of 1996, the Board of Supervisors approved an ordinance (File 64-96-16) authorizing the Mayor to enter into leases, licenses and other agreements with the Navy regarding the Naval Base, and in turn to enter into subleases, sublicenses and other agreements with any third parties for a term of less than two years without competitive bidding, subject to Board of Supervisors approval.

Treasure Island Cooperative Agreement

In February of 1997 the Board of Supervisors authorized an Interim Cooperative Agreement between the City and the Navy (File 172-97-4)

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

providing that the City assume responsibility for the operation and maintenance of the utility system on Treasure Island. The Navy agreed to reimburse the City for the costs of operating and maintaining those utility systems from April 1, 1997 to September 30, 1997. The Interim Agreement was entered into because the Navy requested earlier takeover by the City of the utility systems at the Naval Station on Treasure Island, and covered the six month period prior to October 1, 1997, the expected date of Base closure.

The Economic Development, Transportation and Technology Committee of the Board of Supervisors will consider a proposed Cooperative Agreement between the City and the Navy at their August 19, 1997 meeting (File 244-97-4). The proposed Cooperative Agreement would constitute a modification and amendment to the Interim Cooperative Agreement. Under the terms of the proposed Cooperative Agreement, the City would continue to operate and maintain the Treasure Island utility systems, and would also assume responsibility for providing public safety, grounds maintenance, and property management services. Specifically, the proposed Cooperative Agreement states that the City will provide the following four services:

- operation and maintenance for the water, waste water, storm water, electric and gas utility systems on the Base;
- security and public health and safety services;
- grounds and street maintenance and repair;
- property management and caretaker services.

The proposed Cooperative Agreement commits the Navy to reimbursing the City for costs of up to \$4,000,000 for operating and maintaining the Base for the one year period from October 1, 1997 to September 30, 1998.

#### Supplemental Appropriation

The proposed supplemental appropriation ordinance, the subject of this request, would appropriate \$4,000,000 of Federal funds that the Navy has agreed to provide, on a cost reimbursement basis, for the City to provide the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

four services listed above under the provisions of the Cooperative Agreement.

A budget for the operation and maintenance of the Naval Station Treasure Island was provided by Mr. Larry Florin of the Mayor's Treasure Island Project. Tables 1 and 2 below indicate the revenues and expenditures for the Naval Station Treasure Island.

**Table 1. Treasure Island Revenues**

<u>Funding Source</u>	<u>FY 97-98</u>	<u>Supplemental Appropriation</u>	<u>Total</u>
City Property Rentals	\$776,896	\$0	\$776,896
Federal Grant Revenue	470,000	4,000,000	4,470,000
State Grant Revenue	<u>200,000</u>	<u>0</u>	<u>200,000</u>
<b>Total</b>	<b>\$1,446,896</b>	<b>\$4,000,000</b>	<b>\$5,446,896</b>

**Table 2. Treasure Island Expenditures**

<u>Funding Use</u>	<u>Supplemental Appropriation</u>
Permanent Salaries	
Special Assistant XII	53,139
Special Assistant XV	<u>66,168</u>
<b>Subtotal Perm. Salaries</b>	<b>\$119,307</b>
Temporary Salaries	250,000
Mandatory Fringe Benefits	49,827
Materials & Supplies	50,866
Other Professional Services	1,000,000
Services of Other Departments	<u>2,530,000</u>
<b>Total</b>	<b>\$4,000,000</b>

As shown in Table 2, this supplemental appropriation requesting \$4,000,000 of revenue provided by the Navy would fund two new positions and related expenses for the period from September 15, 1997 through June 30, 1998.

**Comment:**

1. Treasure Island Project Staff: In addition to the existing staff of four positions costing \$292,439 in salaries for fiscal year 1997-98 Mr. Florin requests two new staff positions. Specifically, a Special Assistant XII position would provide personal property management services, and a Special Assistant XV position would provide overall

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

management of the Cooperative Agreement. Mr. Florin advises that the Facilities Manager (the Special Assistant XV position) would review the operations of Treasure Island before Navy personnel vacate the premises on October 1, 1997, the date of the Base closure.

As noted above, the supplemental appropriation includes \$119,307 for these two positions from September 15, 1997 through June 30, 1998. However, the annual salary of the Special Assistant XII is \$67,756 at the top step and the annual salary of the Special Assistant XV is \$84,407 at the top step, for an increase in total annual salary costs of \$152,163 for the Treasure Island Project Office. A companion ordinance amending the Annual Salary Ordinance (ASO) has not yet been introduced for these two new positions. Therefore this \$119,307 should be reserved pending submission of amendments to the ASO.

2. Services of Other City Departments: Attachment 1, provided by Mr. Phil Arnold of the Public Utilities Commission (PUC) outlines PUC's budget for providing utility services to Treasure Island (water, power, and sewer services). The total budget for the provision of utility services is \$1,850,822. However, the amount included in this supplemental appropriation for utility services is \$800,000. Mr. Arnold advises that the difference of \$1,050,822 is anticipated to be offset by revenues generated from utility billings to residential tenants and Governmental Agencies utilizing Treasure Island facilities.

In addition, Attachment 2 provided by Mr. Florin outlines the estimated costs to be incurred by the Department of Public Works (DPW) for providing the following two services on Treasure Island for the one year period from October 1, 1997 to September 30, 1998: 1) Roads and Grounds Services totaling \$1,242,000 and 2) Building Maintenance Services totaling \$758,000, for a total amount of \$2,000,000. However, included in DPW's budget request of \$758,000 for Building Maintenance Services is four positions at a total cost of \$397,000 including mandatory fringe benefits. Instead of including the entire \$397,000 in this supplemental appropriation request the amount of \$270,000 was included as

**BOARD OF SUPERVISORS**  
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Temporary Salaries (\$250,000) and mandatory Fringe Benefits (\$20,000). The remaining \$127,000 is requested to provide funding for permanent salaries and mandatory fringe benefits for permanent staffing at the time staffing needs are identified. This amount of \$127,000 should be reserved pending submission of an amendment to the ASO for approval of the Board of Supervisors. Therefore, the total estimated costs for services to be provided by DPW is \$1,730,000 (\$2,000,000 less \$270,000).

3. Fire Protection Services: Mr. Florin has provided additional information regarding police and fire protection services in Attachment 3. As mentioned in Attachment 3, fire protection services will be provided through an existing Navy contract with J.A. Jones Management Services, Inc. Mr. Florin advises that the total cost of fire protection and emergency response services are \$891,483 and that the Mayor's Office will supplement the \$500,000 included in this supplemental appropriation with funds already approved for the Treasure Island Project and with funds from other Governmental Agencies. The estimated costs of providing fire protection services are outlined in Attachment 4 provided by Mr. Florin.

4. Law Enforcement/Security Services: As discussed in Attachment 3 provided by Mr. Florin, the Police Department will provide for law enforcement and security services using the \$500,000 included in this supplemental appropriation request. The Police Department will contract for security services at the Treasure Island Gate. Mr. Florin advises that the Police Department is currently considering three proposals for security services which range from \$240,000 to \$260,000. The balance of the \$500,000 will be used by the Police Department to cover law enforcement expenses. The \$500,000 for law enforcement and security services should therefore be reserved pending selection of a contractor for security services, as well as further budget details regarding the provision of law enforcement services on Treasure Island.

**Recommendations:** 1. Amend the proposed ordinance to reserve funding for the Permanent Salaries of \$119,307 pending

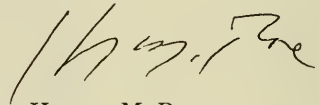
**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



the submission of amendments to the Annual Salary Ordinance for authorization of individual positions.

3. Amend the proposed ordinance to reserve funding of \$500,000 in Other Professional Services pending selection of a contractor to provide security services at the Treasure Island gate as well as further budget details concerning the estimated costs to be incurred by the Police Department for providing law enforcement services.

4. Approve the ordinance as amended.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Stephen Kawa  
Ted Lakey



TREASURY ISL AND UTILITY  
1997-98 BUDGET

Object	Title	Total	No of Pos	Water (CDD)		Hutchy		CWI <sup>1</sup>	
				Amount	No of Pos	Amount	No of Pos	Amount	No of Pos
001	Salaries	706,033	12	108,290	3	253,581	4	286,162	5
009	Premium Pay	16,703	-	16,703	-	-	-	-	-
011	Overtime	30,145	-	9,000	-	-	-	21,145	-
013	Fringes	173,163	-	44,158	-	58,324	-	70,681	-
020	Overhead	140,968	-	-	-	-	-	140,968	-
023	Field Expense	57,070	-	57,070	-	-	-	-	-
027	Professional Services	35,000	-	-	-	-	-	35,000	-
028	Maint Svcs -Buildings & Structures	15,000	-	-	-	-	-	15,000	-
029	Equipment Maint Services	10,000	-	-	-	10,000	-	-	-
031	Equipment Rents & Leases	16,000	-	-	-	16,000	-	-	-
032	Utilities	55,000	-	-	-	-	-	-	-
035	Other Current Expenses	66,000	-	-	-	30,000	-	36,000	-
043	Equipment Maint Supplies	154,000	-	104,000	-	50,000	-	-	-
047	Fuel and Lubricants	14,000	-	-	-	14,000	-	-	-
048	Water Sewage Treatment Supplies	61,740	-	-	-	-	-	61,740	-
049	Other Materials and Supplies	60,000	-	-	-	-	-	60,000	-
081	Services of Other Depts	240,000	-	-	-	-	-	240,000	-
Total		1,859,822	12	397,221	3	431,905	4	1,021,696	5

Salaries Detail							
Class	Title						
5504	Project Manager	74,385	1			74,385	1
7229	Transmission Line Sup	64,684	1			64,684	1
7338	Electrical Line Sup	114,512	2			114,512	2
7334	Stationary Engineer	96,376	2	96,376	2		
7250	Utility Plumber	69,914	1	69,914	1		
7252	Chief Stationary Eng., Sew Plant	66,811	1				66,811
7372	Stationary Eng. Sewage Plant	159,347	3				159,347
7373	Sr Stationary Eng., Sewage Plant	60,004	1				60,004
Subtotal Salaries		706,033	12	166,290	3	253,581	4
							286,162
							5

(REVISED 6/30/97)

Cost Exhibit 5-1

## Cooperative Agreement - Roads and Grounds Services

Estimated cost for the Period 1 October 1997 through 30 September 1998 is itemized below:

Operational Period (10/1/97 - 9/30/98)

<u>ITEM</u>	<u>AMOUNT</u>
- Category Level A Maintenance (2,871,000 sq.ft. or 66 Acres)	
Turf Maintenance	
Edging Lawn/Sidewalk	
Trimming Hedge	
Shrub Maintenance	
Irrigation and repair work	
Removal of Litter and Leaf Debris	
Path and Sidewalk Cleaning	
(Perform mowing service, removal of litter, trash, and leaf debris on a 7-14 day maintenance schedule or on an as-needed basis.)	
66 Acres @ \$533/Acre X 19.5 weeks serviced =	\$686,000
66 Acres @ \$400/Acre X 6.5 weeks serviced =	171,600
- Category Level B Maintenance (3,045,000 sq.ft. or 70 Acres)	
Shrub Maintenance	
Manual Sweeping (parking lots, areas inaccessible to mechanical sweeper)	
Cultivation	
Irrigation and repair work	
Lawn raking	
Trimming and shaping shrub specimens	
Sand Box Cleaning	
(Perform monthly or as-needed maintenance.)	
70 Acres @ \$400/Acre X 12 months serviced = (\$336,000)	(Unfunded)
- Mechanical Sweeping	83,400
- Equipment Purchase	
One(1) Tymco Mechanical Sweeper	120,000
One(1) Tractor, Farm w/horticultural attachments	50,000
Three(3) Mowers, Riding 72" @ \$15,000 ea.	45,000
Six(6) Mowers, Commercial Walk Behind @ \$1,000 ea.	6,000
- Miscellaneous Equipment	
Blowers, Edgers, Leaf Vacs, etc.	30,000
- Pavement Repair	50,000
- Emergency Repair Reserve (\$80,000)	(Unfunded)
<hr/> Total	<hr/> \$1,242,000

(REVISED 6/30/97)

Cost Exhibit 4-1

## Cooperative Agreement - Building Maintenance Services

Estimated cost for the Period 1 October 1997 through 30 September 1998 is itemized below:

Operational Period (10/1/97 - 9/30/98)

<u>ITEM</u>	<u>AMOUNT</u>
- Building Maintenance and Repair (DPW Services)	\$150,000
- Building Maintenance and Repair (Contracted Services)	56,000
- Two(2) Vehicles (Utility Service Trucks)	60,000
- Plan Room Personnel	45,000
- Salary for Facility Manager (Class 7120)	135,000
- Salary for Facility Inspector (Class 7335)	107,000
- Salary for Facility Inspector (Class 7334)	95,000
- DPW Treasure Island Coordinator	60,000
- Engineering Support	50,000
<hr/> Total	<hr/> \$758,000

OFFICE OF THE MAYOR  
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT  
410 PALM AVENUE  
BUILDING 1, ROOM 237  
TREASURE ISLAND  
SAN FRANCISCO, CA 94130  
(415) 274-0660  
FAX (415) 274-0299

LARRY FLORIN, DIRECTOR  
WENDY LINKA, DIRECTOR OF MARKETING  
CHRISTINE TEJADA, DIRECTOR OF DEVELOPMENT

TO: Bill Courtwright  
FROM: Larry Florin  
SUBJ: Supplemental Appropriation

You asked for additional information regarding the supplemental appropriation:

1. Fire department: Attached is the estimate for fire services. As I mentioned fire services will be provided though an existing Navy contract (it's called a Base Operating Service, Job Order Contract) with J.A. Jones Management Services, Inc. The money will be used for providing contractual fire services on Treasure Island starting on September 15<sup>th</sup>. We intend to supplement the \$500,000 from this supplemental with funds already appropriated to the TI Project Office.

2. Police/Security – the police department will handle all security and police related activities. This will be broken down as follows:

- Security – the Police Department will contract for gate security (one person on the gate 24 hours per day/7 days per week.) The cost for this will be between \$240,000 - \$260,000. They are currently considering three proposals sheriff cadets, J.A. Jones Management Services or the turf funds.
- Police – the police department will use the remainder of the funds to backfill positions.

3. Temporary Positions – as I mentioned to you on the phone we would like to get all of these funds released. These funds will be used initially to hire the Facilities Manager and the Personal Property manager for one month until the ASO is considered by the Board of Supervisors in September. The remainder of the funds will be used by the Department of Public Works for hiring facilities inspectors.

Post-it* Fax Note 7671		Date	# of pages 23
To Bill Courtwright	From Larry Florin		
Co./Dept.	Co.		
Phone #	Phone #		
Fax #	Fax #		

J. A. Jones Management Services, Inc

Notional Estimate For Firefighting Service at Treasure Island

I. Hours		Basic	Overtime	Total
1	Hours/Week/Person	56	0	56
2	Weeks/Year/Person	52	<del>26,048</del>	52
3	Pay Hrs/Yr/Person *	2,912	0	2,912
4	Pay Hrs/Yr (all)*	27648	0	27648
5	Holiday Hrs/Yr/Person	80	0	80
6	Vacation Hrs/Yr/Person	80	0	80
7	Holiday & Vacation (all)*	1,600	0	1600
8	Training Hrs/Yr/Person	0	0	0
9	Productive Hrs/Yr/Person	2,752	0	2,752
10	Productive Hrs/Yr (all)*	26,048	0	26,048

\* Taken from the schedule

II. Hourly Cost

Item	Description	Rate	Straight Time	w/ Shift Diff (25%)	w/ Overtime Diff (time and a half)
A	Hourly Base Wage Rate		\$18.42		
B	Uniform Allowance/Year	4.25 per week	\$0.08		
C	Hourly Health & Welfare Rate	2.65/hr	\$2.56		
D	Holiday	10 per year	\$0.51		
E	Vacation	2 wks after 1 yr	\$0.51		
F	Trainer Costs		\$0.00		
G	Shift Differential or Overtime			\$4.61	\$9.21
H		Subtotal	\$22.07	\$26.67	\$31.28
I	FICA	7.65%	\$1.69	\$2.04	\$2.39
J	FUTA	0.80%	\$0.18	\$0.21	\$0.25
K	SUI	0.98%	\$0.22	\$0.26	\$0.31
L	Worker's Comp	4.50%	\$0.99	\$1.20	\$1.41
M	General Liability Insurance	1.20%	\$0.26	\$0.32	\$0.38
N		Subtotal	\$25.41	\$30.71	\$36.01
O	FMC	3.38%	\$0.86	\$1.04	\$1.22
P		Subtotal	\$26.27	\$31.75	\$37.23
Q	PMO	7.00%	\$1.84	\$2.22	\$2.61
R		Hourly Rate	\$28.10	\$33.97	\$39.83
S					
T	Hours per year		27,648	27,648	0
U					
V	Cost (Line R x Line T)		\$777,025	\$849,031	\$0
W	Award Fee	5.00%	\$38,851	\$42,452	\$0
X		Total	\$815,877	\$891,483	\$0





# CALENDAR

## Finance Committee Board of Supervisors City and County of San Francisco

REGULAR MEETING

DOCUMENTS DEPT.

AUG 18 1997

SAN FRANCISCO  
PUBLIC LIBRARY

WEDNESDAY, AUGUST 20, 1997, 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE, ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

❖ ❖

### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, AUGUST 20, 1997 - 1:00 P.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 172-97-24. [E-911 Project Agreement] Resolution approving the project agreement between the Department of Telecommunications and Information Services and TRW, Inc., for the E-911 enhanced Computer Aided Dispatch and Automated Information System. (Mayor)

ACTION:

2. File 172-97-52. [Citywide Radio Communication System Master Agrmt] Resolution approving the form and authorizing the execution and approval of Citywide 800 MHZ radio system project agreement ("Master Agreement") between the City and County of San Francisco and Motorola Communications and Electronics, Inc. (which Master Agreement includes certain limitations on the City's rights and remedies); authorizing an amendment to the 1992 Master Agreement dated as of February 5, 1992 between the City and contractor; granting general authority to City officials to take necessary actions in connection with the execution and approval of the Master Agreement; and ratifying actions previously taken. (Also see File 172-97-53). (Mayor)

ACTION:

3. File 172-97-53. [Citywide 800 MHZ Radio Project Agreements] Resolution authorizing the Director of Property to enter into separate license or lease agreements with each of AT&T Communications, Inc., the California State University, acting through the San Francisco State University, the City of Daly City, Motorola, Inc., and ZML-One Limited Partnership for the use of property for City's 800 MHZ radio project and to enter into a license agreement with the United States of America, acting through the Department of Veterans Affairs, for the use of property for City's 800 MHZ project, wherein the City would agree to resolve any contract dispute under the Federal Contract Dispute Act and to interpret the terms of the agreement under Federal law. (Also see File 172-97-52). (Categorically exempt from Environmental Review under Class Numbers 1, 2 and 3 of the State Environmental Review Guidelines). (Mayor)

ACTION:

4. File 101-97-8. [Supplemental Appropriation, E-911 Project] Ordinance appropriating \$7,529,000, Department of Telecommunications (911 Project), of public protection special revenue funds for the 911 Project and for the creation of seven (7) positions, for fiscal year 1997-98; placing \$4,500,000 on reserve; companion measure to File 102-97-4. (Mayor)

ACTION:

5. File 102-97-4. [Annual Salary Ordinance Amendment] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance 1997/98), Department of Telecommunications and Information Services, reflecting the creation of seven (7) positions (Classes 1369N (1) Special Assistant X, 1370N (1) Special Assistant XI, 1372N (3) Special Assistant XIII, 1375N (1) Special Assistant XVI, 1376N (1) Special Assistant XVII); companion measure to File 101-97-8. (Mayor)

ACTION:

6. File 101-97-6. [Appropriation, COPS, Muni Transit] Ordinance appropriating \$300,000, Mayor, of the State funded Citizen's Option for Public Safety (COPS) for the Muni Transit Assistant Program (MTAP) for fiscal year 1997-98, providing for ratification of action previously taken. (Mayor)

ACTION:

7. File 64-97-8. [Lease of Property at 1540 Market Street] Resolution authorizing the lease of real property at 1540 Market Street, Suite 160 & 190, for the Department of the Environment. (Real Estate Department)

ACTION:

8. File 64-97-9. [Lease of Property at 1390 Market Street] Resolution authorizing a lease at Fox Plaza, 1390 Market Street, for the City Attorney. (Real Estate Department)

ACTION:

9. File 64-97-10. [Lease Amendment, 1650 Mission Street] Resolution authorizing an amendment to lease of real property at 1650 Mission Street for the Department of Human Services and the Department of Building Inspection. (Real Estate Department)

ACTION:

10. File 64-97-11. [Lease of Property at 732 Brannan Street] Resolution authorizing a lease of real property at 732 Brannan Street, San Francisco, for the Office of the District Attorney. (Real Estate Department)

ACTION:

11. File 64-97-12. [Lease Extension at 23rd & Illinois Streets] Resolution authorizing an extension of a lease of real property at 23rd & Illinois Streets (Pier 72) for the Public Transportation Commission. (Real Estate Department)

ACTION:

## LITIGATION

The Finance Committee of the Board of Supervisors may meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlement of the claim listed below, this claim involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of this proposed settlement would prejudice the position of the City in this claim.

12. File 46-97-9. [Settlement of Claim, NSF Design Subconsultant] Ordinance approving the settlement of the City's claims against Rolf Jensen & Associates (RJA), fire alarm system design subconsultant for the New Sheriff's Facility.

The Finance Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberation in the above item at this time and may move not to disclose any information at this time.

13. File 161-97-7.1. [Redevelopment Agency Budget and Bonds] Resolution approving an amendment to the budget of the Redevelopment Agency for fiscal year 1997-98, increasing by \$15,000,000 the Agency's expenditure for the Rincon Point-South Beach Redevelopment Project Area and approving the issuance of not to exceed \$17,500,000 of tax allocation bonds in connection with the China Basin Ballpark Project. (Supervisor Yaki)

ACTION:

## LEGISLATION UNDER THE 30-DAY RULE

File No. 97-97-42. Grant Procedures, Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-43. Claims/Litigation Settlement Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-44. Employee Claims Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-45. State Disability Insurance Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 127-97-1.1. Emergency Response Fee Increase, Ordinance, (Mayor), 30 day Rule expires 9/3/97.

File No. 127-97-8. Taxation, Domestic Partner Owned Business, Ordinance, (Supervisor Leal), 30 day Rule expires 9/3/97.

File No. 97-97-49. Repeal Authority, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-50. Repeal Fee, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-51. Repeal Fund, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 206-97-5. Procurement Agreement, Housing Authority, Resolution, (Mayor), 30 day Rule expires 9/10/97.

Watch future calendars for scheduling of these matters.



**FINANCE COMMITTEE**  
S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

**IMPORTANT HEARING NOTICE!!!**

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CITY AND COUNTY



OF SAN FRANCISCO

DOCUMENTS DEPT.

BOARD OF SUPERVISORS

BUDGET ANALYST

AUG 19 1997

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August 15, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendation for approval*

SUBJECT: August 20, 1997 Finance Committee Meeting

Item 1 - File 172-97-24

**Department:** Telecommunications and Information Services

**Item:** Resolution approving the project agreement ("Agreement") between the Department of Telecommunications and Information Services (DTIS) and TRW, Inc., (TRW) for the E-911 enhanced computer aided dispatch and automated information system ("Project").

**Term:** September 2, 1997, through February 2, 2000, unless terminated earlier, as provided for in the Agreement.

**Project Description:** The purpose of the proposed Agreement between the City and TRW is for the City to obtain an effective, up-to-date Computer Aided Dispatch (CAD) and Automated Information System (AIS) and integrate other information systems into the City's Combined Emergency Communication Center (CECC).

The Police Department's Communications Control Center is currently designated as the Public Safety Answering Point (PSAP) for 911 emergency calls in the City. The 911 system operates using a CAD system which has experienced a wide range of technical difficulties, including hardware and software failures, in recent years. According to the Police Department, the CAD system was installed in the early 1980's using 1970's technology. As a consequence of the existing system's inadequacies, the Board of Supervisors approved a supplemental appropriation ordinance in May of 1996 (File 101-95-74) appropriating \$5,337,594 to purchase and install an Interim CAD system for the Police Department.

Under the proposed Agreement, TRW would provide a permanent CAD/AIS System by enhancing the Interim CAD system, installing a new Automated Information System, and integrating other information systems in the CECC. The new, permanent System is currently scheduled to become operational in December of 1999. A general statement of the System's planned capability is as follows:

The proposed enhanced CAD/AIS, in conjunction with the planned new telephone system (a separate component of the E-911 System to be implemented, under an agreement which is not the subject of this report), the Citywide 800 MHz Radio System, and other planned enhancements, is intended to provide an up-to-date, integrated emergency communication system for the City.

**Project  
Agreement:**

Under the proposed Agreement, TRW and its subcontractors, in conjunction with the City, will define, design, develop, document, integrate, install, and test the Enhanced CAD System and the AIS. The "Enhanced CAD System" is defined as the enhancements made to the existing Police Interim CAD System. The enhancements are identified in Appendix F to the Agreement. The proposed Agreement, including all appendices, is contained in the Board of Supervisors file. TRW would also provide System Integration Engineering (SI) for the overall 911 System<sup>1</sup> to be installed in the CECC. The contract deliverables for the proposed Agreement consist of software applications and training. The proposed Agreement does

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<sup>1</sup>911 System means the operational capability provided as a result of integrating the Enhanced CAD/AIS System, the 800 MHz Radio System, the data radio system, the Police Department Mobile Computing System, and the 911 telephone system.

not entail the procurement of hardware. The equipment for operating the CAD/AIS would be procured later in the E-911 Project, on an entirely separate contract that would require a separate bid process.

The Enhanced CAD and AIS System is to be completed in two phases. During Phase 1, the computer infrastructure, Enhanced CAD and AIS capabilities, and various sub-system interfaces and terminal interfaces to existing City systems are to be delivered. Remaining AIS capabilities and enhanced computer-to-computer interfaces would be accomplished during Phase 2. The period of contract performance would begin within 20 working days of contract certification by the City and notification to TRW to proceed. Phase 1 is scheduled to have a duration of 27 months, unless altered by mutual agreement. The major Project Tasks, which are specified in the Agreement, include:

- a. Project Management
- b. Enhanced CAD and AIS Systems Development
- c. 911 System Integration

**Contractor  
Selection:**

According to Mr. Mike Martin, Project Manager for the E-911 Project, TRW was ranked highest among the firms that submitted proposals for the Project.

<b>Source of Funds:</b>	Lease Revenue Bonds:	\$5,600,000 *
	General Fund:	2,792,919
	911 Fee Fund:	<u>8,743,351</u>
	Total	\$17,136,270

\*The General Fund is the source of repayment.

**Budget:** The latest budget for the major E-911 System components, compared to the original budget is shown below:

	Previous Estimated Costs as of <u>8/4/97</u>	Present Estimated <u>Costs</u>	Increase (Decrease)
<u>AIS Software</u>			
Police Department		\$2,721,626	\$2,721,626
Dept. of Parking and Traffic		366,334	366,334
Fire Department		1,469,897	1,469,897
Emergency Medical Services		724,138	724,138
General AIS	<u>\$5,000,000</u>	<u>0</u>	<u>(5,000,000)</u>
Subtotal	\$5,000,000	\$5,281,995	\$281,995
<u>CAD Software</u>			
Interim CAD		\$411,135	\$411,135
CAD: Software (Application)		2,226,550	2,226,550
DPT: Software (Application)		0	0
General: Software (Common, off the Shelf)		875,000	875,000
Services: CAD Vendor Services	<u>\$2,500,000</u>	<u>9,885,789</u>	<u>7,385,789</u>
Subtotal	\$2,500,000	\$13,398,474	\$10,898,474
CAD/AIS Software Totals	\$7,500,000	\$18,680,469	\$11,180,469
Less: CAD/AIS Software Project Reserve		(1,544,199)	(1,544,199)
Program Costs net of Reserve	\$7,500,000	\$17,136,270	\$9,636,270

According to Mr. Martin, the reason for the net increase of \$9,636,270 in costs for the proposed TRW Agreement, which represents an increase of over 128 percent, is that the initial CAD/AIS estimates did not anticipate all end user requirements. As an example, Mr. Martin stated that, as originally envisioned, the estimates did not take into account the need for adequate record management and scheduling.

Upon the effective date of the Agreement, TRW would be entitled to submit an invoice to the City in the amount of \$3,000,000 for costs associated with TRW's contract mobilization<sup>2</sup>. Commencing on December 1, 1997, and on a monthly basis thereafter for a total of 13 months, TRW would receive a monthly payment of \$1,087,404.62. The sum of the 13 monthly payments would be \$14,136,260. The Agreement states that in no event shall the amount of the Agreement exceed \$17,136,260 (\$14,136,260 plus \$3,000,000).

The Agreement would be subject to the budget and fiscal provisions of the City's Charter, including appropriation approval by the Board of Supervisors.

**Selected Agreement  
Provisions:**

1. *Project Managers:* TRW and the City would each designate a Project Manager, who shall be accessible by telephone or by electronic pager throughout the duration of the Project. At the beginning of the 30-day Final Acceptance test, both TRW's and the City's Project Managers must be available on a 24 hour basis, seven days a week, until such time as the City issues its Acceptance of the System. TRW's Project Manager must have at least five years of experience in the installation and operation of computer systems. The Project Manager for the City is Ms. Deborah Vincent-James of TIS.

The City and TRW would use their best efforts to maintain the same Project Manager until Final Acceptance of the Project. However, if either party needs to replace its Project Manager, the party shall provide the other party written notice thereof at least 45 days prior to the date the Project Manager shall be replaced. The City's Project Manager would have the right to require TRW to replace its Project Manager by so notifying TRW and stating in the notification the objective reasons therefor.

TRW's Project Manager would be required to provide a top level weekly progress report to the City's Project Manager which summarizes overall Project status, lists meetings that are planned, problems encountered, and issues to be resolved.

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<sup>2</sup>Contract mobilization means performing the necessary legal, financial, and physical tasks to bring together all of the resources (personnel, equipment, facilities, etc.) required to execute contractually required tasks.



2. *Change in the Work:* The City may at any time submit a written Change Order to TRW. Within 10 working days of receiving a proposed Change Order, TRW shall submit to the City a written cost estimate, which shall include any adjustments to the Project price, the Project schedule, the Statement of Work, the Acceptance Criteria, or any other obligations of TRW, as applicable. TRW may also propose a Change Order involving either additions, deletions, or revisions to the work.

3. *Safety of Persons and Property:* TRW would be required to take reasonable precautions for safety of and provide reasonable protection to prevent damage, injury, or loss to employees on the work site, materials and equipment, and other property at work sites, such as structures and utilities not designated for removal, relocation or replacement in the course of performing work.

4. *Existing Systems:* The Agreement requires that TRW take all advisable precautions to protect all existing equipment, facilities, and structures in any area in which TRW is assembling or installing any portion of the Project. TRW would be responsible for correcting any damage they may cause to any equipment, facility, or structure to the condition prior to the time of damage.

TRW would be required to ensure that no unscheduled interruption of service of the existing external systems will occur during the course of the installation, testing, maintenance, or servicing of the Project. With any interruption of service, TRW and appropriate City staff would work together to fully restore the system and ensure that the system is not degraded by the interruption.

5. *System Acceptance and Acceptance Criteria:* Appendix B to the proposed Agreement establishes the performance standards and criteria by which the System, documents, and other contract deliverable items will be accepted by the City. Each deliverable requiring formal approval is to be submitted to the City for acceptance and the City is to provide a written statement of acceptance.

6. *As-Built Documentation:* Prior to Final Acceptance, TRW must furnish to the City six complete sets in printed copy, and one copy of the printed documentation in magnetic media, of the "as built documentation." TRW would be allowed to lock magnetic media files as "read only" files



contained within the instruction or maintenance manuals that TRW considers confidential.

*7. Maintenance and Repairs:* TRW would be required to provide a toll free telephone number for the reporting of System Maintenance requests. Maintenance would be provided 24 hours per day, seven days per week.

*8. Audit and Inspection of Records:* TRW agrees to maintain and make available to the City during regular business hours at TRW's Sunnyvale, California, facility, accurate books and accounting records concerning its activities under the proposed Agreement. TRW would permit the City to audit, examine, and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records, or personnel and other data related to financial matters and Human Rights Commission (HRC) compliance issues. The City would agree to conclude each such audit within 60 days of receipt from TRW of all records, books, or other documents and data requested by the City for purposes of auditing.

*9. Taxes:* TRW would be entitled to an adjustment of the contract price to reflect any increase in City taxes which may occur after the contract effective date, that are levied on TRW as a result of its performance of the proposed Agreement. According to Mr. Martin, it is customary practice to include such a provision in long-term contracts since companies otherwise have no control over costs that may be imposed by a governmental unit.

*10. Project Schedule:* The proposed Project Schedule is set forth in Attachment I (Exhibit A-3 of the Agreement) and may be amended by mutual agreement between the City and TRW. The City would revise the Project Schedule to reflect any delay in the City's issuance of the notice to proceed beyond the anticipated start date of September 2, 1997. The Project Schedule would be adjusted on a day-for-day basis for any such delay. TRW acknowledges that the Project Schedule contains three time sensitive milestones ("Critical Milestones") that must be attained by specific dates, or the City will suffer financial harm. The Phase I Critical Milestones are as follows:

- a. Fire/EMS AIS Site Acceptance Test
- b. Enhanced CAD Factory Acceptance Test
- c. 911 System Cutover

11. *Liquidated Damages:* The City and TRW agree that \$5,000 for each calendar day beyond the sixtieth calendar day that TRW fails to meet any Critical Milestone constitutes a reasonable estimate of the additional costs and expenses and detriment that the City would incur therefrom. TRW's maximum liability for liquidated damages related to Critical Milestones would be limited to \$1,500,000 for Phase 1 work.

12. *Indemnification and General Liability:* The Agreement includes standard clauses indemnifying the City from loss due to actions or conditions brought about by TRW. Indemnification would not apply to (a) any loss or liability to the extent that such loss or liability is caused by the negligence or intentional tort of any person indemnified; or (b) any claim or suit asserted by third parties against the City or TRW if such claim or suit arises from the operation, delay, or failure of Application Software or equipment provided by TRW.

13 *Termination by the City for Convenience:* The City may terminate the performance of work under the Agreement whenever the City shall determine that such termination is in the best interest of the City. Any such termination would be effected by the City giving TRW 30 days written notice, specifying the extent to which performance of work under the Agreement is terminated and the date upon which such termination becomes effective.

14. *Equal Employment Opportunity And Business Practice:* The Combined MBE/WBE goal for this Agreement is 25% of the total Project cost, including any contract modifications thereto.

15. *Chapter 12B and 12D Liquidated Damages:* TRW would agree to comply fully with all provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12D ("Minority/Women/Local Business Utilization") of the San Francisco Administrative Code in effect at the time of execution of this Agreement or will be subject to liquidated damages as specified in the Agreement. With respect to this provision, Mr. Martin has provided the Budget Analyst with a memorandum from the Human Rights Commission (HRC) (Attachment II) which states that the proposed Agreement meets the requirements of Chapter 12b (which includes the requirements of the Equal Benefits Ordinance) and 12c of the City's Administrative Code so long as the addendum contained in the memorandum is attached to the Agreement. Mr. Martin

has provided the Budget Analyst with a copy of the addendum that, according to Mr. Martin, is included in the proposed Agreement.

16. TRW is required to comply with the City's Mac Bride Principles, the Tropical Hardwood Ban, the Drug-Free Workplace Policy, and Resource Conservation.

**Comments:**

1. As previously noted, the proposed Agreement is for software applications and training only. The proposed Agreement contains no provisions for hardware.

2. As previously noted, Mr. Martin reports that he has established a reserve of \$1,544,199, which represents 9.0 percent of the proposed Agreement value of \$17,136,270.

3. The current E-911 Project estimate of \$166,370,823, which includes the costs of \$17,136,270 in this subject TRW Agreement, is contingent on a 100 percent increase in the Emergency Response Fee, from \$.50 per month, per telephone access line to \$1.00 per month, per telephone access line, and the \$2.50 per month, per trunk line fee to \$5.00 per month, for all San Francisco telephone users which have eligible access lines and trunk lines. The maximum amount that could be received by the City from the Emergency Response Fee would be increased by \$39,599,067, from the Current limitation of \$60,000,000 to \$99,599,067, or an increase of 66 percent.

**Recommendation:** This resolution relates to the E-911 Project whose estimated project costs have increased by \$34,419,631, or 26 percent, from \$131,951,192 to \$166,370,823. Additionally, legislation is pending at the Board of Supervisors which would require a 100 percent increase in the Emergency Response Fee by increasing the \$.50 per month, per telephone access line fee to \$1.00 per month, per telephone access line, and the \$2.50 per month, per trunk line fee to \$5.00 per month, for all San Francisco telephone users which have eligible access lines and trunk lines. Further, the fee increase would be accompanied by an increase of \$39,599,067 in the maximum amount that could be received by the City from the Emergency Response Fee, from \$60,000,000 to \$99,599,067. This would result in a 66 percent increase in total fees collected from telephone users. For all of these reasons, we consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

# Exhibit A-3

## Enhanced CAD / AIS Project Schedule

No.	AIS	Project Tasks	Start Date	End Date
1		Requirements Validation	2-Sep-97	26-Dec-97
2		System Design	2-Sep-97	27-Feb-98
3		AIS Applications Design Review	5-Jan-98	9-Jan-98
4		System Infrastructure Design Review	23-Feb-98	27-Feb-98
5	PD AIS	PD AIS Software Development	30-Dec-97	19-Jun-98
6		PD Applications Factory Acceptance Test at Subcontractor's Facilities	22-Jun-98	26-Jun-98
7		PD AIS ITF I&T	29-Jun-98	23-Oct-98
8		PD AIS Pre-Ship Factory Acceptance Test	26-Oct-98	30-Oct-98
9		PD Site installs	31-Aug-98	24-Dec-98
10		PD AIS Site I&T	2-Nov-98	2-Jan-99
11		PD AIS Site Acceptance Test	4-Jan-99	8-Jan-99
12		PD AIS Cutover	11-Jan-99	N/A
13		PD AIS On-Call Support	11-Jan-99	28-Nov-99
14		PD AIS Final Acceptance Test	11-Jan-99	9-Feb-99
15	Fire/EMS AIS	Fire/EMS AIS Software Development	3-May-98	23-Oct-98
16		Fire/EMS AIS Applications Factory Acceptance Test at Subcontractor's Facilities	26-Oct-98	30-Oct-98
17		Fire/EMS AIS ITF I&T	2-Nov-98	22-Jan-99
18		Fire/EMS AIS Pre-Ship Factory Acceptance Test	25-Jan-99	29-Jan-99
19		Fire/EMS AIS Site Installs	4-Jan-99	2-Apr-99
20		Fire/EMS AIS Site I&T	1-Feb-99	26-Mar-99
21		Fire/EMS AIS Site Acceptance Test	29-Mar-99	2-Apr-99
22		Fire/EMS AIS Cutover	5-Apr-99	N/A
23		Fire/EMS AIS On-Call Support	5-Apr-99	28-Nov-99
24		Fire/EMS AIS Final Acceptance Test	5-Apr-99	5-May-99
25	CAD	Requirements Validation / System Design	2-Sep-97	27-Feb-98
26		Enhanced Cad Applications/System Infrastructure Design Review	23-Feb-98	27-Feb-99

## Enhanced CAD / AIS Project Schedule

No.	Project Tasks	Start Date	End Date
27	Enhanced CAD Software Development & Test	2-Mar-98	26-Feb-99
28	Enhanced CAD Applications Pre-Ship Factory Acceptance Test	1-Mar-99	26-Mar-99
29	New CECC Available	29-Mar-99	N/A
30	Enhanced CAD Site Installation for I&T	29-Mar-99	30-Apr-99
31	9-1-1 System I&T	3-May-99	27-Aug-99
32	Enhanced CAD System Acceptance Test	30-Aug-99	15-Oct-99
33	9-1-1 System Operational Readiness Test	16-Oct-99	29-Oct-99
34	9-1-1 System Cutover	30-Oct-99	N/A
35	Enhanced CAD On-Call Support	30-Oct-99	28-Nov-99
36	Enhanced CAD Final Acceptance Test	30-Oct-99	28-Nov-99
<b>9-1-1 System Integration Engineering</b>			
37	Interfaces Definition & Design Approach	2-Sep-97	28-Nov-97
38	Interfaces Preliminary Design Review	1-Dec-97	5-Dec-97
39	Interfaces Detailed Design	8-Dec-97	3-Apr-98
40	Interfaces Final Design Review	6-Apr-98	10-Apr-98
41	Interface Specifications	2-Mar-98	29-May-98
42	Interface Test Plans	4-May-98	24-Jul-98
43	End-to-end System Test Plan	27-Jul-98	28-Aug-98
44	Operational Readiness Test Plan	28-Aug-98	25-Sep-98
45	Interface Test Procedures	27-Jul-98	27-Nov-98
46	End-to-end Test Procedures	30-Nov-98	26-Feb-99
47	Operational Readiness Test Procedures	1-Mar-99	26-Mar-99
48	Site Installations, component tests	29-Mar-99	30-Apr-99
49	9-1-1 System Interface Tests	3-May-99	27-Aug-99
50	End-to-end System Testing	30-Aug-99	15-Oct-99
51	Operational Readiness Testing	16-Oct-99	29-Oct-99


## Note:

All dates assume a 2 Sept. 97 start of work by TRW following contract certification by the City and contract acceptance by TRW. Schedule will be slipped on a day for day basis if work starts later than 2 Sept. 97.



## Memorandum

August 11, 1997

**To:** Mike Martin, 911 Project Manager, Mayor's Office  
**From:** Cynthia Goldstein, Contract Compliance Officer   
Human Rights Commission

**Regarding:** Contract Compliance with Section 12B for TRW Inc., E-911 project

This memorandum confirms that the Human Rights Commission has found that the project agreement between the Department of Telecommunications and Information Services and TRW Inc. for services that will be rendered on the E-911 enhanced computer Aided Dispatch and Automated Information System meets the requirement of Chapter 12b and 12c of the San Francisco Administrative Code so long as the following addendum is attached to the agreement:

From and after the period that will commence at the end of the performance of the "E-911" Phase 1 contract between TRW and CCSF, Contractor may not enter into any amendments to the Agreement, including the follow-on to the Contract, referred to as "Phase 2," unless Contractor provides a written statement that shall include Contractor's representation and warranty that Contractor is in compliance with the provisions of Chapters 12b and 12c of the San Francisco Administrative Code that prohibit discrimination in the provision of benefits between employees with registered domestic partners and employees with spouses (the City's "Contracts Nondiscrimination in Benefits Ordinance," in force and effect in the City and County of San Francisco.

If you have any further questions or require further clarification, please contact me at 252-2515.

cc: Marivic. S. Bamba, Executive Director



Item 2 - File 172-97-52

- Department:** Mayor's Office  
Telecommunications and Information Services (DTIS)
- Item:** Resolution approving the form and authorizing the execution and approval of a Citywide, 800 MHz Radio System Project Agreement (Master Agreement) between the City and County of San Francisco and Motorola Communications and Electronics, Inc. (Motorola); authorizing an amendment to the 1992 Master Agreement dated as of February 5, 1992, between the City and Motorola; granting general authority to City officials to take necessary actions in connection with the execution and approval of the Master Agreement; and ratifying actions previously taken.
- Term:** The term of the Master Agreement would commence on approval of the proposed resolution by the Board of Supervisors and execution by the Mayor and would expire ten years following the date of commencement. The proposed amendment to the 1992 Master Agreement would not affect its term, which is scheduled to expire in February of 2002.
- Project Description:** The proposed Master Agreement and the proposed amendment to the 1992 Master Agreement between the City and Motorola Communications & Electronics, Inc. (Motorola) pertain to the provision of a Citywide radio communications system at an estimated cost of approximately \$42 million (the "Project").
- The Citywide Radio System Project, consisting of a new Citywide 800 MHz trunked radio system and 800 MHz wireless data transmission system, would replace most of the City's existing conventional radio systems and integrate with the City's existing 800 MHz radio system. The Project would provide state-of-the-art radio systems utilizing standard communication formats, common supporting infrastructure, and standardized equipment for all users. Installation of the Project would enable the City's public safety agencies to provide enhanced delivery of various services related to protection of life, health, property and safety within the City by increasing in-building radio communications coverage, including coverage in high-rise buildings, as well as enhanced communications on streets; complete intercommunication between public safety departments; increased capacity for voice and wireless data transmission; and greater system reliability during emergencies and natural disasters.

The City has an existing 800 MHz trunking radio system, designed by Motorola under seven separate contracts. This system is used by the San Francisco Unified School District, the Department of Public Works (DPW), the Department of Public Health Emergency Medical Services, the Department of Animal Care and Control, the City College of San Francisco, the Port Authority and DTIS.

The new radio system would primarily serve the following departments and would integrate with the existing system: Police, Fire, Public Health, Sheriff, Parking and Traffic, Water, Recreation and Parks and Mayor's Office of Emergency Services.

The proposed 800 MHz radio communications system would provide a multi-site simulcast system with a digital backbone to achieve the service objectives. The base system would require a total of 8 radio antenna site locations to provide optimum communications (See Item 3, File 172-97-53, on the report to the Finance Committee). The proposed locations are as follows:

The AT&T Building on Bernal Heights  
San Francisco State University  
Daly City - South Hill Water Tank  
Motorola Building at 1250 Clay Street  
U.S. Veterans Affairs Medical Center at 4150 Clement  
One Market Plaza  
Mendosa/Forest Hill (City-owned antenna site)  
Central Radio Station at Twin Peaks (City-owned)

All of the proposed antenna sites except the Daly City site are currently used by the City for communications purposes. Upon completion of the proposed 800 MHz Project, DTIS would decommission equipment at the following six radio system antenna site locations, which will no longer be necessary: (1) California State Automobile Association Building, (2) California Pacific Medical Center, (3) Bank of America, (4) Fort Mason, (5) McLaren Park, and (6) Sutro Tower).

The Master Agreement and the related 800 MHz Radio System Project is divided into four phases. The first phase is the voice radio system and development and installation of all its components including backbone and user equipment. The second phase is any additional equipment that is needed to complete the system and necessary items such as system documentation, warranty support, and training. The third phase is the wireless data network system to be used by

mobile computing terminals that will be installed in public safety department vehicles. The fourth phase is any optional enhancements to the installed systems in previous phases to meet the City's communications service objectives.

**New Master Agreement and Amendments to the 1992**

**Master Agreement: Proposed New Master Agreement**

The proposed resolution would approve the Citywide 800 MHz Radio System Project Agreement and an amendment to the 1992 Master Agreement between the City and Motorola. The Agreement provides for the terms and conditions for the City's purchase of an upgraded 800 MHz Radio System and certain other optional projects. The total authorized expenditure for the Project and optional phases shall not exceed \$50,000,000, subject to appropriation approval by the Board of Supervisors. The acquisition of the 800 MHz has been divided into the four phases for purposes of control: the Controller must certify that sufficient revenues are available for each phase prior to proceeding.

**Proposed Amendment to the 1992 Master Agreement**

The proposed resolution also authorizes the City to amend the 1992 Master Agreement between Motorola and the City to limit the total amount of consequential and incidental damages payable by Motorola under both the 1992 Master Agreement and the new Agreement to the total project price (See Comment No. 2).

**Contract Bid and Vendor Selection Process:**

In October, 1995, the City solicited potential vendors for an 800 MHz radio system by advertising for firms in the San Francisco Examiner/Chronicle, Wall Street Journal, Association of Public Safety Communications Officials (APCO) Bulletin and Mobile Radio Technology periodicals. From this solicitation, five companies expressed interest including Motorola, Inc.

On May 3, 1996, the City advertised and released a comprehensive bid package utilizing a competitive multi-step bid process and performance specification developed by the City's independent engineering contractor, Fluor Daniel. The first step in the process was for respondents to be pre-qualified to continue to the next step. In June 1996, the City received qualifying information from two vendors; Ericsson, Inc. and

Motorola, Inc. According to Mr. Fred Weiner of DTIS, both respondents were determined by the City's review committee, consisting of staff representatives of the City Administrator, the Purchaser, and DTIS, to be qualified to proceed to step two.

As part of the multi-step bid process, respondents were invited to submit comments on the bid package. In July 1996, the City published a revised version of the performance specifications incorporating the vendors comments. The next step in the process was for the vendors to provide a technical proposal based on the revised performance specifications. After extending the deadline for responses several times at the request of Ericsson, Inc., only Motorola submitted a technical proposal. Ericsson declined to do so.

After communicating with Ericsson to determine whether this was their preferred course of action, the Purchaser provided a letter to DTIS dated November 12, 1996 that indicated that the competitive bid should be terminated and recommended that DTIS begin negotiations with the remaining vendor, Motorola, Inc. In addition, Ericsson agreed to discontinue its lawsuit against the City which originally required the City to conduct the competitive, multi-step bid process. According to Mr. Weiner, the Board of Supervisors was promptly notified in writing concerning the status of the bid process.

**Source of Funds:**

In November of 1993, the voters of San Francisco approved a \$50 million Lease Financing Bond measure (Proposition H) to finance the lease/purchase of a City-wide radio communications system and related equipment and to pay for design costs and bond administration costs incurred by the DTIS. Mr. Fred Weiner of the DTIS states that there are two planned bond issuances. The first bond issuance, planned for approximately December of 1997, would be in the amount of \$36 million. Mr. Weiner estimates that approval for the second bond issuance, for the \$14 million balance of the bond authorization (\$50 million less \$36 million), will be requested from the Board of Supervisors approximately one year later. Repayment of the lease financing bonds is a General Fund obligation. However, to the extent possible, Water Department and 911 Project Fund monies would also be used.

**Budget:**

\$42,332,124 for Phases I, II, the Optional Coverage Enhancement Phase, and the Wireless Data Network Phase, as follows:

Phase I	\$24,356,346
Phase II	12,191,019

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



Phase III: Optional Coverage Enhancements	4,721,231
Phase IV: Wireless Data Network	<u>1,063,528</u>
Total	\$42,332,124

Attachment I, provided by Mr. Weiner, includes a list of the equipment that would be procured by City departments under the Agreement and also a budget for the major Agreement categories.

**Equipment Prices:** Under the proposed Agreement, Motorola has guaranteed that the City is receiving the highest, or equal to the highest, aggregate system discount that Motorola has granted to any other person or entity on a similar 800 MHz Project. DTIS staff and Fluor Daniel have reviewed all recent Motorola contracts for the same systems and confirmed this discount. To the extent the City discovers that a greater discount has been granted to another organization, the City shall receive an amount equal to two times the difference.

In addition to the acquisition of the 800 MHz Project, the Agreement authorizes the City to acquire up to \$1 million of additional equipment in each fiscal year during the ten-year term of the Agreement. The prices for additional equipment is attached to the Agreement and are subject to certain specified discounts. This expenditure is in addition to the \$50 million authorized for the 800 MHz and the optional phases. The funding source for the additional equipment each fiscal year of up to \$1 million would be the budgets of the user departments and would therefore be subject to appropriation approval by the Board of Supervisors.

Base prices for additional equipment ordered after the second anniversary of the Agreement and scheduled for delivery after the third anniversary of the Agreement would be adjusted from the Master Agreement price list based on the Consumer Price Index (CPI) sub-index for Information Processing Equipment, with an annual cap of 6 percent and a total cap of 18 percent over the life of the contract. (Discounts would be taken from this adjusted base price.)

**Equipment  
Warranties:**

Motorola warrants that the new radio system will provide the high level of coverage specified by the City, and will be fully downward compatible with the existing 800 MHz system equipment for one year after new system acceptance. All of the equipment provided will be free from defects for a period of one year, and will meet all published performance specifications.

**Labor Prices:**

The proposed Master Agreement specifies that all contracted labor is provided to the City at a fixed price for the work performed. To the extent that labor performed for a portion of the project constitutes a "public work or improvement," Motorola would have to comply with Sections 6.34 through 6.43 of the Administrative Code, which require payment of not less than the highest general prevailing wage rate. The Agreement also includes hourly rates for various professional classifications.

If Motorola defaults on a scheduled completion, the City can elect to perform the necessary work, if the failure is not remedied within 30 days of written notification. The costs incurred by the City in completing such work shall be deducted from monies due to Motorola. If the delay involves a Critical Milestone, the City has the right to collect any accrued liquidated damages, in addition to the cost of performing the work.

**Right of City to  
Perform Labor:**

The proposed Master Agreement would give the City the right to supply any of the labor required to complete the Project, as long as Motorola agrees that City staff is qualified to perform the required labor. The Project cost estimate would be reduced by the cost of any such labor in Motorola's original estimate.

**Subcontracting  
and MBE/WBE  
Participation:**

The MBE/WBE subcontracting goals for this project are 28% MBEs and 5% WBEs of the total subcontracting work. The total subcontracted services for this project is \$11.4 million. Of this total, approximately \$4.1 million or 35.9 percent of the \$11.4 total subcontracting cost would be subcontracted to MBEs and \$1.8 million or 15.8 would be subcontracted to WBEs.

**Facility Location:**

Under the proposed Master Agreement, Motorola would agree to locate a storage/warehouse facility in San Francisco.



**Project Schedule:** The project schedule contemplates a project start date of October 1, 1997, which could be earlier depending on the schedule of the City's approval process. The full system will be available for use in August 1999, concurrent with the commencement of Combined Emergency Communications Center (CECC) operations.

The proposed Master Agreement would require Motorola to pay liquidated damages of \$5,000 per day of delay beyond 5 critical milestone dates in the Agreement to the maximum of 10% of the project costs.

**Comments:** 1. The Director of the Human Rights Commission has issued a Sole Source, Emergency, and Public Entity Exception & Waiver for the proposed contract Master Agreement. Therefore, Motorola's compliance with Chapters 12B and 12C (including the Equal Benefits Ordinance) of the City's Administrative Code is waived. A copy of the Waiver Document is attached (Attachment II).

2. Concerning the proposed amendment to the 1992 Master Agreement, Motorola is responsible for all consequential and incidental damages, without limitation on the damages. Under the proposed amendment to the 1992 Master Agreement, Motorola's liability for consequential and incidental damages for both the new Master Agreement and the 1992 Master Agreement would be limited to the total project price for the new 800 MHz Radio Project, including optional phases three and four. According to Mr. Weiner, the proposed provision conforms to industry contracting standards.

3. Mr. Weiner states that the DTIS conducted an initial needs analysis with all Departments that will use the 800 MHz radio system. This analysis was the basis for figures included in the proposed Master Agreement regarding numbers of consoles, radios, etc. to be provided.

Mr. Weiner states that individual departments will be responsible for paying their share of the debt service. Therefore, Mr. Weiner advises that the Controller will require departments to demonstrate that they will budget adequate funds to cover debt service.

4. Funding for the 800 MHz Agreement is completely independent of the 911 Emergency Fund, and is therefore not contingent on the pending increase to the Emergency

Memo to Finance Committee  
August 20, 1997 Finance Committee Meeting

Response Fee to be charged to San Francisco telephone users.

**Recommendation:** Approve the proposed resolution.

## General List of 800 MHz Equipment for Each Department

Equipment Description	SFPD	SFFD	DPH	DPT	Sheriff	Water	Rec Park	OES	All Depts	Totals
Portables	1540	230	90	364	700	46	39	20	71	3100
Mobiles	385	230	30	81	80	0	96	3	50	955
Control Stations	30	50	16	5	14	2	5	15	10	147
Dispatch Consoles	16	8	6	4	1	1	0	6	4	46
System Manager Equipme	0	0	0	0	0	0	0	0	60	60

## Citywide 800 MHz Radio System Project Budget

\$ millions

User Radio Equipment	11.7
Fixed Radio Equipment	16.0
Wireless Data System	1.1
Construction	4.2
Project Management, Engineering, Installation, Training	5.7
System Discount	(1.1)
Optional Phases	4.7
Subtotal	42.3
Costs of Issuance	7.7
TOTAL	50.0

## City and County of San Francisco



Willie Lewis Brown, Jr.  
Mayor

## Human Rights Commission

Contract Compliance  
Dispute Resolution/Fair Housing  
Minority/Women/Local Business Enterprise  
Lesbian Gay Bisexual Transgender & HIV Discrimination

Marivic S. Bamba  
Executive Director

**SOLE SOURCE, EMERGENCY AND PUBLIC ENTITY  
EXCEPTION & WAIVER REQUEST FORM**

In addition to submitting this form, please attach additional pages explaining why the request for exception is being made. (See back page for information on basis upon which exception may be granted.)

## TELECOMMUNICATIONS &amp;

Department: INFORMATION SERVICESContact Person: FRED S. WEINERMailing Address: 901 RANKIN STREET, S.F., CA 94124Phone: 415-550-2740Dept. Head Signature: [Signature]Date Exception Request Submitted: 7/23/97Type of Contract: MASTER PURCHASE AGREEMENTDate of Contract: 10/1/97Dollar Amount of Contract: \$41MName of Contractor: MOTOROLA, INC.Ethnicity: N/ASex: N/AAddress of Contractor: 9980 CARROL CANYON ROAD, SAN DIEGO, CA 92131EXCEPTION FOR PRIME CONTRACT (please check all that apply)Sole Source: X (non-compliance with Chapters 12B & 12C: nondiscrimination benefits)Sole Source:        (is not an MBE or WBE pursuant to Chapter 12D)Emergency:        (Chapter 12B & 12C exception)Emergency:        (Chapter 12D exception)Waived LBE preference for contracts over \$5 million:       NOTE: Employment requirements are still in force even if a waiver is granted.Public Entity:        (Chapter 12B & 12C exception)Has waiver for this contract previously been granted or denied? If yes, please give HRC action and dates: NO**HRC ACTION**12B & 12C Waiver Granted: ✓12D Waiver Granted:       12B & 12C Waiver Denied:       12D Waiver Denied:       Reason for Action: Compliance with the requirements of Chapter 12B.5-1(A)HRC Staff: [Signature]Date: 7-24-97Signature of HRC Director: [Signature]Date:       

Item 3 - File 172-97-53

Note: This item is a companion to Item 2, File 172-97-52 in this report to the Finance Committee, which authorizes the execution and approval of a Citywide 800 MHz Radio System Agreement.

**Department:** Real Estate Department  
Telecommunications and Information Services

**Item:** Resolution authorizing the Director of Property to enter into four lease<sup>1</sup> agreements with (a) AT&T Communications, Inc., (b) the California State University, acting through the San Francisco State University, (c) the City of Daly City, and (d) ZML-One Limited Partnership for the use of property for the City's 800 MHz Radio Project, and two license agreements with (a) Motorola, Inc., and (b) the U. S. Department of Veterans Affairs. The six facilities to be leased or licensed by the City would be used in connection with the City's 800 MHz Radio System Project.

The Citywide Radio System Project, consisting of a new Citywide 800 MHz trunked radio system and 800 MHz wireless data transmission system, would replace most of the City's existing conventional radio systems and integrate with the City's existing 800 MHz radio system. The 800 MHz Radio System Project will benefit the City's Police, Fire, Emergency Services, Sheriff, Parking and Traffic, Water, and Recreation and Parks Departments by improving emergency and non-emergency communications between the City departments and the public. Installation of the Project would enable the City's public safety agencies to provide enhanced delivery of various services related to the protection of life, health, property and safety within the City by increasing the probability of in-building radio coverage in high-rise buildings and on streets; complete intercommunications between public safety departments; increased capacity for voice and wireless data; and greater system reliability during emergencies and natural disasters.

The Project would provide state-of-the-art radio systems utilizing standard communication formats, common supporting infrastructure, and standardized equipment for all users. The proposed resolution would approve the four leases and two licenses requested to house the 800 MHz Radio System Project.

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<sup>1</sup>According to Mr. Robert Bryan of the City Attorney's Office, generally a lease agreement gives the tenant exclusive possession and use of the premises, whereas a license agreement confers the licensee the privilege to use the premises.

- Location:** The Department of Telecommunications and Information Services has determined that in order to achieve optimal radio coverage, the City must install radio equipment and antennas at eight key locations, six of which require leases or licenses and are listed below.
1. The building at 99 Moultrie Street, San Francisco, owned by AT&T Communications, Inc. (the "AT&T Building");
  2. The building at 1600 Holloway Street, San Francisco, owned by the California State University (the "S.F. State Building");
  3. The City of Daly City's property commonly known as the Reservoir 2B Water Tank;
  4. A portion of the building at 1250 Clay Street, San Francisco, leased to Motorola, Inc. (the "Motorola Building");
  5. The U. S. Veterans Affairs Medical Center at 4150 Clement Street, San Francisco, owned by the U. S. Department of Veterans Affairs; and
  6. The building at One Market Plaza, San Francisco, owned by ZML-One Limited Partnership.
- Lessors:**
1. AT&T Communications, Inc.
  2. San Francisco State University
  3. City of Daly City
  4. ZML-One Limited Partnership
- Licensors:**
1. Motorola, Inc.
  2. U.S. Department of Veteran Affairs
- Lessee/Licensee:** City and County of San Francisco
- Period of Leases or Licenses:** The leases for the ZML building at One Market Plaza, the AT&T Building, and the San Francisco State Building are expected to become effective on February 1, 1998; the lease for the Reservoir 2B Water Tank and the license for the U.S. Veterans Affairs Medical Center are expected to become effective April 1, 1998; and the license for the Motorola Building is expected to become effective on March 1, 1998. The duration of each lease or license is explained below.



**Lease or License**

**Costs:**

1. AT&T Building (lease)  
5 years with one 5-year option  
\$4,000 annually through the initial 5-year term; the greater of either (a) 95% of fair market rent, or (b) the current rent adjusted by any CPI increases beginning with the option period.
2. The San Francisco State Building (lease)  
20 years  
\$270,000 paid upon lease commencement.
3. The Reservoir 2B Water Tank (lease)  
10 years with four 5-year options  
\$203,000 worth of improvements for the City of Daly City in lieu of paying rent.
4. One Market Plaza - ZML (lease)  
10 years with two 5-year options  
Monthly rent in the amount of \$4,000, or \$48,000 annually for years 1-5; a 20% increase in rent in year six, which would then remain at the same level for years 7-10; fair market rent in year 11, which would then remain at the same level for years 12-15; fair market rent in year 16, which would then remain at the same level for years 17-20.
5. The Motorola Building (license)  
10 years with two 5-year options  
Monthly license fee in the amount of \$4,400, or \$52,800 annually for years 1-5; a 20% increase in rent in year six, which would then remain at the same level for years 7-10; fair market rent in year 11, which would then remain at the same level for years 12-15; fair market rent in year 16, which would then remain at the same level for years 17-20.
6. The U. S. Veteran Affairs Medical Center (license)  
5 years  
Monthly license fee in the amount of \$1,400, or \$16,800 annually; years 2-5 would be adjusted for any CPI increase with a 6% cap.

**Annual Cost:**

\$121,600 annually, plus \$270,000 upon commencement of the S.F. State Building Lease (an average of \$13,500 per year over 20 years), plus \$203,000 worth of improvements for the City of Daly City (an average of \$6,767 per year over 30 years).

**Term of Lease:** The negotiated agreements shall be for terms ranging from 5 to 30 years, including option periods, as listed above.

- Utilities Services:**
1. AT&T Communications, Inc.  
City would pay utilities for the 5 year lease and the 5-year option period.
  2. San Francisco State University  
Landlord would pay utilities for the 20 year lease.
  3. City of Daly City  
The City would pay utilities for the 10 year lease and the four 5-year option periods.
  4. ZML-One Limited Partnership  
City would pay utilities for the 10 year lease and the two 5-year option periods.
  5. Motorola, Inc.  
Licensor would pay utilities for the 10 year license and the two 5-year option periods.
  6. U.S. Department of Veteran Affairs  
City would pay utilities for the 5 year license.

**Right of Renewal:** The option periods to renew the leases and license agreements are listed above.

**Source of Funds:** In November of 1993, the voters of San Francisco approved a \$50 million Lease Financing Bond measure (Proposition H) to finance the lease/purchase of a City-wide radio communications system and related equipment and pay for design costs and bond administration costs incurred by DTIS. According to Mr. Fred Weiner of the Department of Telecommunications and Information Services, the estimated costs of \$203,000 for the improvements for the City of Daly City will be financed as part of the 800 MHz Radio System Project through this bond measure.

The costs for the other three leases and two licenses will be divided between the relevant department budgets, subject to approval of supplemental appropriations to be submitted to the Board of Supervisors. The General Fund would incur approximately 99% of the costs.

**Comments:** 1. The Department of City Planning has determined that the Project is exempt from Environmental Review.

2. The Project has been reviewed for consistency with the Eight Priority Policies of Planning Code Section 101.1.
3. According to Mr. Jerry Romani of the Department of Real Estate, the amounts listed above for the four leases and two licenses "are within the acceptable ranges of fair market value."
4. The City would construct improvements for Daly City's use, at the City's expense, at a cost of \$203,000 instead of paying rent to Daly City for the premises at the Daly City Reservoir 2B Water Tank. The improvements include one 40 ft. tower and a 360 sq. ft. equipment room, one third of which will be utilized by the City of Daly City.
5. According to Mr. Robert Bryan of the City Attorney's Office, all of the proposed lessors/licensors will be required to either comply with the Equal Benefits Ordinance or obtain a waiver from HRC.

**Recommendations:**

1. Amend the proposed resolution making approval of the four leases and two licenses contingent upon the lessors/licensors being certified by HRC as being in compliance with the Equal Benefits Ordinance, or as having obtained a waiver from HRC.
2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.



Item 4 - File 101-97-8

**Department:** Telecommunications and Information Services

**Item:** Supplemental appropriation ordinance appropriating \$7,529,000 for the E-911 Project (Enhanced 911 Project) for FY 1997-98; placing \$4,500,000 on reserve.

**Amount:** \$7,529,000

**Source of Funds:** 911 Project Funds - Public Protection Special Revenue Funds.

The 911 Project Fund is the repository for funds collected by the City from the Emergency Response Fee, the \$.50 per month, per access line, and \$2.50 per month, per trunk line (normally, for commercial users) fee approved by the Board of Supervisors in December of 1993 to apply to both eligible commercial and residential lines in San Francisco. The Emergency Response Fee is currently scheduled to expire upon the Controller's written certification that total fee revenues are sufficient to recover actual eligible 911 Project costs. In accordance with the existing legislation, the actual eligible project costs, and thus the receipt of Emergency Response Fee monies to fund those costs, are not to exceed \$60,000,000 (However, a proposed Emergency Response Fee increase is pending before the Board of Supervisors that would increase the ceiling to \$99,599,067, as discussed below.)

**Description:** The purpose of the E-911 Project is to improve the City's emergency response capabilities by integrating the Enhanced Computer Aid Dispatch/Automated Information (CAD/AIS) System, the 800 MHz Radio System, the data radio system, the Police Department Mobile Computing System, and the 911 telephone system.

Mr. Mike Martin, the E-911 Project Manager, has developed the E-911 Project estimates shown in Attachment I. Based on those data, the E-911 Project has increased by \$34,419,631, or by 26.1 percent, from \$131,951,192 in 1996 to \$166,370,823 currently. Mr. Martin has also provided in Attachment I a summary of the E-911 Project, the Project's current cost status, and an explanation for each of the cost increases and the reasons of each of the cost increases.

Attachment I also lists the cost estimates for both the 1996 estimate of \$131,951,192 for the E-911 Project and the current estimate of \$166,370,823.

The proposed supplemental appropriation ordinance would appropriate \$7,529,000 of 911 Project Funds to the E-911 Project. Under the proposed ordinance, \$4,500,000 of the \$7,529,000 has been placed on reserve, pending approval by the Board of Supervisors of a 100 percent increase in the Emergency Response Fee, which would increase the fee from \$.50 per month, to \$1.00 per month for each eligible commercial and residential telephone access line (in general, each telephone number) and from \$2.50 to \$5.00 per month for each eligible trunk line located in San Francisco. The Fee increase would be accompanied by an increase of \$39,599,067 or 66 percent in the maximum amount that could be received by the City from the Emergency Response Fee, from \$60,000,000 to \$99,59,067. This Emergency Response Fee legislation is currently pending before the Board of Supervisors committee.

Attachment II, provided by Mr. Martin, shows the sources and uses for the most recent E-911 Project cost estimate of \$166,370,823, and also for the \$74,746,543 he expects to expend on the Project in FY 1997-98, which sum includes this supplemental appropriation request of \$7,529,000.

**Budget:** Attachment III, provided by Mr. Martin, shows the proposed sources and uses of the requested sum of \$7,529,000. Attachment III also shows the E-911 Project's current reserves as established by Mr. Martin.

**Comments:**

1. As shown in Attachment III, this proposed supplemental appropriation request would fund \$381,000 of the estimated \$501,993 total cost for salaries and fringe benefits for seven new, Limited Tenure positions being requested (See Item 5, File 102-97-4 of the report to the Finance Committee).
2. Also as shown in Attachment III, this proposed supplemental appropriation request would fund \$3,000,000 of the \$17,136,270 cost associated with the proposed TRW Agreement to develop an enhanced Computer Aided Dispatch (CAD) and Automated Information System (AIS) (See Item 1, File 172-97-24 of the report to the Finance Committee).
3. As previously noted, the current E-911 Project estimate of \$166,370,823 is contingent upon a 100 percent increase in the Emergency Response Fee, from \$.50 per month, per telephone access line to \$1.00 per month, per telephone access line. Further, the fee for trunk lines would increase from \$2.50 per month, per trunk line, to \$5.00 per month, per trunk line. The maximum amount that could be received by the City from the Emergency Response Fee would be



increased by \$39,599,067, from the current limitation of \$60,000,000 to \$99,599,067, or an increase of 66 percent.

**Recommendation:** This ordinance relates to the E-911 Project whose estimated project costs have increased by \$34,419,631, or 26 percent, from \$131,951,192 to \$166,370,823. Additionally, legislation is pending at the Board of Supervisors which would require a 100 percent increase in the Emergency Response Fee by increasing the \$.50 per month, per telephone access line, fee to \$1.00 per month, and the \$2.50 per month, per trunk line fee to \$5.00 per month, for all San Francisco telephone users which have eligible access lines and trunk lines. Further, the fee increase would be accompanied by an increase of \$39,599,067 in the maximum amount that could be received by the City from the Emergency Response Fee, from \$60,000,000 to \$99,599,067. This would result in a 66 percent increase in total fees collected from telephone users. For all of these reasons, we consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

## E-911 Project

### **Summary:**

Voters in June 1994 approved Proposition B which authorized funding for a new emergency communication center and in November 1993, voters approved Proposition H to fund a Citywide radio system. The center was to perform two primary functions: Serve as an E-911 dispatch center for all emergency functions, and operate as a command center in times of major emergencies. Emergency response functions include 911 call taking and dispatch for Police Fire and Ambulance services. The facility will also house the Mayor's Office of Emergency Services, Emergency Communications Center, and related support facilities for the Department of Telecommunications and Information Services. The E-911 Project can be loosely grouped into the following components:

- E-911: A new computer system that will aid in the dispatch of emergency personnel (Computer Aided Dispatch - CAD). New technology will also enhance record management and scheduling among many other things to generally improve the efficiency and effectiveness of the system (Automated Information Systems - AIS).
- Combined Emergency Communications Center (CECC): A facility at Turk and Laguna streets that will serve as the building where all E-911 functions would be housed and operate from.
- Telephone Call Delivery System: A new system that will connect callers to the 911 dispatch system.
- Miscellaneous "Support Systems": This is a collection of functions that includes critical items linking various parts of the project together. For example, Support Systems includes design and production of dispatch consoles, logging recorders, wiring for local area networks, upgraded fire alarm monitoring, mobile computing terminals etc.
- 800 MHz Citywide Radio System: The system will improve the speed and quality of the City's wireless communications.

### **Current Project Status**

Since it was originally envisioned in 1994, the project has grown in both size and scope. In addition, technology changed and improved, particularly in the area of the wireless communications. In March 1997, the City hired a consultant to assess the impact of these changes on forecasted project budgets and scheduling. Based on an extensive review, the consultant made certain findings that have been reviewed and clarified by City staff. In the main, the consultant found the project budget had grown from \$131 million to \$167 million, and that the project would not be complete until November 1999, four months after the envisioned July 1999 completion date.

A detailed project budget, showing original estimates vs. current estimates is attached. The financial status of the various portions of the project are summarized below:

CURRENT BUDGET/ESTIMATE BREAKDOWN			
Project Area	Est. Project Cost 1996 \$(000)	Current Est. Project Cost	VARIANCE \$(000)
800 MHz Radio	58066	58066	0
Automated Information Systems (AIS)	10200	10818	-618
Computer-Aided Dispatch (CAD)	4500	20873	-16373
E-911 Project Management	4210	9926	-5716
CECC Facility	24273	25274	-1001
Communications/Telephony /Support Systems	11125	17207	-6082
Other Costs	19577	23156	-3579
Training		1050	-1050
<b>TOTALS</b>	<b>131951</b>	<b>166370</b>	<b>-34419</b>

#### Discussion:

As shown in the above table, a \$34.4 million shortfall exists between the project as it was originally envisioned, and the current budget. The major variances are as follows:

- Computer Aided Dispatch/Automated Information System: Initial estimates did not anticipate all end user requirements. For example, as originally envisioned, these computer systems did not include record management and scheduling.
- CECC Facility: The CECC Facility costs increased in the main because the facility is twenty-five percent larger than the facility that was originally envisioned, and because the cost of building materials has risen since original estimates were made.
- Project Management: Initial estimates of the project management costs did not make provisions for professional services to integrate the group of projects. Those costs have now been included.
- Project Contingency: Although the CECC construction and 800 Mhz components of this project have their own contingency, no provisions were made for an overall "Project Contingency." The revised budget includes a \$13.8 million Project Contingency (roughly 10 percent of the project cost, excluding the CECC and 800 Mhz project) intended to cover unanticipated changes in the project. The contingency costs are spread across the project.

- Financing: Overall financing costs for the project have risen, (identified above as "other costs") due to an increase in the amount of hardware equipment that will be financed with lease revenue bonds and an extension of repayment for the CECC bonds.

Commencement of construction for the Combined Emergency Command Center, which began June 23, 1997, requires that all phases of the E-911 project move forward expeditiously. To that end, various activities have been undertaken. Significantly, approval is being sought to increase the City's E-911 fee to close the \$34.4 million funding gap, which will solve the project's cash flow dilemma and reduce the project's General Fund liability. In addition, various organizational activities have been initiated.

**911 PROJECT SOURCES AND COSTS**

Sources		Uses			
		Budget Name	Project Costs	Financing Costs	Total Costs
Prior Fiscal Year GF Transfers	23,234,683				
911 Fees (\$1 assumption)	99,699,067	Building	25,273,403		
911 Interest Earnings	5,163,371	AIS	10,817,752		
Grants	4,880,000				
GF Contributions to Deficits	33,603,712	CAD	20,872,899		
		Communications	17,207,422		
		Project Management	9,926,400		
		Community Mitigation	3,031,000		
Total	166,370,823	Total	87,128,876	20,125,847	107,254,723
		800 MHz Project			
		Budget Name			
		Radio Administration	8,416,100		
		Radio System	40,550,000		
		Total	48,966,100	9,100,000	68,066,100
		Total 911 Project Cost	136,084,976	29,225,847	165,320,823
		plus Training			1,050,000
					166,370,823

**Fiscal Year 97-98 Uses and Sources**

911 Project Sources		911 Project Costs	
911 Fee Funds	15,517,451	Building	19,773,000
General Fund	-	Communications	10,835,367
Bond Sales	54,349,092	AIS	2,248,000
Grants (COPS More, Fed)	4,880,000	CAD	10,171,676
		Community Mitigation	500,004
		800 MHz	31,218,496
Total	\$ 74,746,543	Total	\$ 74,746,543

**Supplemental Appropriation Sources**

Unbudgeted Fund Balance	3,029,000
Additional Unbudgeted Revenue	1,400,000
Partial Year for Proposed Increase	<u>3,100,000</u>
Total	7,529,000

**Supplemental Appropriation Uses**

TRW Contract	3,000,000
Motorola Contract (detail design)	1,400,000
Building	500,000
AIS (hardware)	2,248,000
Project Management	<u>381,000</u>
Total	7,529,000

**911 Project Reserve**

CAD Hardware	1,825,200
AIS Hardware	1,000,000
Communications	5,580,000
Project Management	2,000,000
Contractor Support	<u>3,416,000</u>
Total	\$13,821,200



Item 5 - File 102-97-4

- Department:** Telecommunications and Information Services (DTIS)
- Item:** Ordinance amending the FY 1997-98 Annual Salary Ordinance to create seven new positions to provide staff for managing the E-911 Project.
- Amount:** The annual cost of the seven new positions at the top step would be \$647,634, including \$528,681 in salaries and \$118,953 in fringe benefits. The Department expects to fill the positions at Step 3 by September 1, 1997, for a total of 22.2 pay periods in FY 1997-98. Therefore the estimated cost for the seven new positions in FY 1997-98, is \$501,993, including \$409,790 in salaries and \$92,203 in mandatory fringe benefits.
- Source of Funds:** Supplemental appropriation of 911 Project Funds-Public Protection Special Revenue Funds in the amount of \$7,529,000 (See Item 4, File 101-97-8, of the report to the Finance Committee). The 911 Project Fund was established in 1993 to receive monies from the 911 Emergency Response Fee, collected by the City at a fee of \$.50 per month, per telephone line for residential and commercial users of telephones located in San Francisco. According to Mr. Mike Martin, Project Manager of the E-911 System, the estimated monthly revenues for this \$.50 fee is \$382,000 or \$4,584,000 annually. The balance of the 911 Project Fund as of July 1, 1997, is \$11,408,647.
- Description:** The objective of the E (meaning "Enhanced") -911 Project is to improve the City's emergency response capabilities by integrating the City's (1) new, permanent Enhanced Computer Aided Dispatch (CAD)/Automated Information System (AIS), (2) the 800 MHz System, (3) the data radio system, (4) the Police Department Mobile Computing System, and (5) the 911 telephone system. According to Mr. Martin the E-911 System is scheduled to become operational in December of 1999. (See Item 4, File 101-97-8, for a description of the E-911 System's major components.)
- The proposed ordinance would amend the FY 1997-98 Annual Salary Ordinance to add seven new Limited Tenure positions, to serve as the E-911 Project Management Team as follows:

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No. of Positions	Class	Title	5th Step Biweekly Salary	Maximum Annual Salary	Total Maximum Annual Salary Costs
1	1369	Special Assistant X	\$2,242	\$58,516	\$58,516
1	1370	Special Assistant XI	2,412	62,953	62,953
3	1372	Special Assistant XIII	2,793	72,897	218,692
1	1375	Special Assistant XVI	3,479	90,802	90,802
1	1376	Special Assistant XVII	3,744	97,718	97,718
7	TOTAL				\$528,681

At the top step, the total estimated annual salary and mandatory fringe benefit costs for these seven positions, based on FY 1997-98 data, would be \$647,634.

**Comments:**

1. Mr. Martin reports that the proposed E-911 Project Management Team would oversee all aspects of the E-911 Project, including managing the proposed Agreement with TRW, related to the City's new permanent enhanced CAD/AIS System and the proposed Agreement with Motorola related to the City's 800 MHz Radio System. See Item 9 (File 172-97-24) and Item 11 (File 172-97-53) of this report to the Finance Committee.

2. The new positions are being requested to perform the following functions:

<u>Position</u>	<u>Class</u>	<u>Title</u>	<u>Annual Salary at Top Step</u>
• E-911 Project Director	1376	Special Assistant XVII	\$97,718
• Finance Officer	1375	Special Assistant XVI	90,802
• Community Liaison Rep.	1372	Special Assistant XIII	72,897
• Program Assistant	1372	Special Assistant XIII	72,897
• Telephony Manager	1372	Special Assistant XIII	72,897
• Accounting Manager	1370	Special Assistant XI	62,953
• Office Manager	1369	Special Assistant X	58,516

The Attachment provided by Mr. Martin, describes the overall function of the Project Management Team, a description of each of the requested seven new Limited Tenure positions, an E-911 Project Management organization chart, and a detailed organization chart for the Public Safety Emergency Communications Project (PSECP), which is another name for the 911 Project.

3. Mr. Martin reports that the number of positions requested and the classifications of the positions were determined in consultation with the Department of Human Resources

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(HRD) and that the HRD agrees with the number and type of positions selected to perform the project management functions. Mr. Martin also reports that there are currently no positions designated for managing the E-911 System, and that he is currently on detail from the Mayor's Office to manage the Project.

4. Mr. Martin has stated that these requested positions are to be Limited Tenure because the Project is for less than a three year period. The proposed legislation does not contain the Limited Tenure designation for the requested seven new positions. Therefore, the proposed ordinance should be amended to provide for such Limited Tenure designation.

**Recommendations:** 1. Amend the proposed ordinance to provide a Limited Tenure designation for each of the seven new positions, in accordance with Comment No. 4 above.

2. This ordinance relates to the E-911 Project whose estimated project costs have increased by \$34,419,631, or 26 percent, from \$131,951,192 to \$166,370,823. Additionally, legislation is pending at the Board of Supervisors which would require a 100 percent increase in the Emergency Response Fee by increasing the \$.50 per month, per telephone access line, fee to \$1.00 per month, and the \$2.50 per month, per trunk line fee to \$5.00 per month, for all San Francisco telephone users which have eligible access lines and trunk lines. Further, the fee increase would be accompanied by an increase of \$39,599,067 in the maximum amount that could be received by the City from the Emergency Response Fee, from \$60,000,000 to \$99,599,067. This would result in a 66 percent increase in total fees collected from telephone users. For all of these reasons, we consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

## E-911 Project Project Management Team

### Overview:

The project management team will oversee all aspects of the Enhanced 911 project. The project includes disparate functions that encompass virtually every aspect of dispatching police officers, firefighters and paramedics to emergencies. It also includes construction of what is called the 911/OES Emergency Communications Center, which will serve as San Francisco's nerve center in times of major emergency.

The Project Management Team consists of seven individuals, as follows:

- Project Director
- Program Assistant
- Community Liaison
- Office Manager
- Accounting Manager
- Finance Officer
- Telephony Manager

The Project Director answers to the "Executive Sponsors," a five-member committee comprised of the Police and Fire chiefs, the Controller, the Director of the Administrative Services Department, and the Director of the Office of Emergency Services. The remaining project management staff answer to the Project Director. This staff will oversee the E-911 project, which is summarized below.

### Project Summary:

Voters in June 1994 approved Proposition B which authorized funding for a new emergency communication center. The center was to perform two primary functions: Serve as an E-911 dispatch center for all emergency functions, and operate as a command center in times of major emergencies. Emergency response functions include 911 call taking and dispatch for Police Fire and Ambulance services. The facility will also house the Mayor's Office of Emergency Services, Emergency Communications Center, and related support facilities for the Department of Telecommunications. The E-911 Project can be loosely grouped into the following components:

- E-911: A new computer system that will aid in the dispatch of emergency personnel (Computer Aided Dispatch - CAD). New technology will also enhance record management and scheduling among many other things to generally improve the efficiency and effectiveness of the system (Automated Information Systems - AIS).
- Combined Emergency Communications Center (CECC): A facility at Turk and Laguna streets that will serve as the building where all E-911 functions would be housed and operate from.
- Telephony System: A new system that will connect callers to the system.

- Miscellaneous "Support Systems": This is a collection of functions that includes critical items linking various parts of the project together. For example, Support Systems includes design and production of dispatch consoles, logging recorders, wiring for local area networks, mobile data terminals etc.
- 800 MHz Citywide Radio System: The system will improve the speed and quality of the City's wireless communications.

### Project Team:

#### E-911 Project Director: 1376 Special Assistant 17

This position oversees the entire E-911 project, including all the components described above (E-911 computer system, Facilities, Telephony, Support Systems, Communications and Operations). This position is accountable for delivering the entire project as envisioned by San Francisco residents, and ultimately answers to the Mayor. The position is responsible for ensuring the project is on schedule and within budget, and that community in which the CECC is being built is improved rather than degraded by the presence of the new Center. The position would oversee an immediate staff of six members. The position is limited tenure of less than three years.

#### Community Liaison: 1372 Special Assistant 13

This position is responsible for ensuring that immediate community affected by construction of the new 911 Center (San Francisco's Western Addition) is enhanced rather than negatively affected by this project. This position requires an individual who is familiar with, or who can learn, about the community and its needs, articulate them to the Project Director and recommend courses of action that balance the Project's requirements with the community's wishes. The position requires a high level of maturity and the ability to operate independently. The position requires above average writing and communication skills. This is a limited tenure position of less than three years.

#### Finance Officer: 1375 Special Assistant 16

This position will monitor all financial aspects of the project, including its overall budget, and the budgets of each project component. The position will ensure that cash flow remains positive, forecast General Fund liability, oversee collection of the Emergency Response Fee, and aid in the sale of bonds. This position will also be assigned special projects from time to time, including for example procurement of grants. This is a limited tenure position of less than three years whose function will be similar in function to a 1675 Supervising Fiscal Officer.

#### Office Manager: 1369 Special Assistant 10

This position will function as a general office manager to the entire project management seven-staff. Activities include various clerical duties, including answering phones, scheduling, note taking, typing, filing and document management. In addition, this position will require letter writing and experience with the City organization and operation. This position will require an employee who is capable of multi-tasking, and working in a somewhat stressful environment. It will be an integral part of the project management team, and fully crosstrained so as to provide redundancy to other positions, including accounting. This is a limited tenure position of less than three years.



Accounting Manager: 1370 Special Assistant 11

This position will manage all accounting aspects of the project. It will require fluency with the City's accounting system (FAMIS), and familiarity with City purchasing and contracting procedures. Along with the accounting needs common to any department, this position will actively participate in a major, project-critical procurement function involving the purchase of a major computer system. This position will be fully crosstrained so as to provide redundancy with other project management positions, notably that of office manager. Because it is anticipated that this position will work in close physical proximity to private contractors assigned to the project, it will require an individual who is capable of operating in a confidential manner. This is a limited tenure position of less than three years.

Program Assistant: 1372 Special Assistant 13

This position will be assigned to highly sensitive, project-critical activities. They include, for example, the following:

- Ensuring that private contractors comply with the City's Domestic Partners ordinance.
- Identifying and preparing office space for some 40 private and City employees who will be assigned to the project within 60 days.
- Identifying and preparing space for a secure "test lab" for design of 911 computer software
- Grant procurement.
- Contract Compliance and interaction with private contractors.

The employee occupying this position must demonstrate a high level of maturity, the ability to communicate and write very well, and the ability to execute sensitive projects with little or no supervision. This is a limited tenure position, that will be fully crosstrained to perform other project management functions.

Telephony Manager 1372 Special Assistant 13

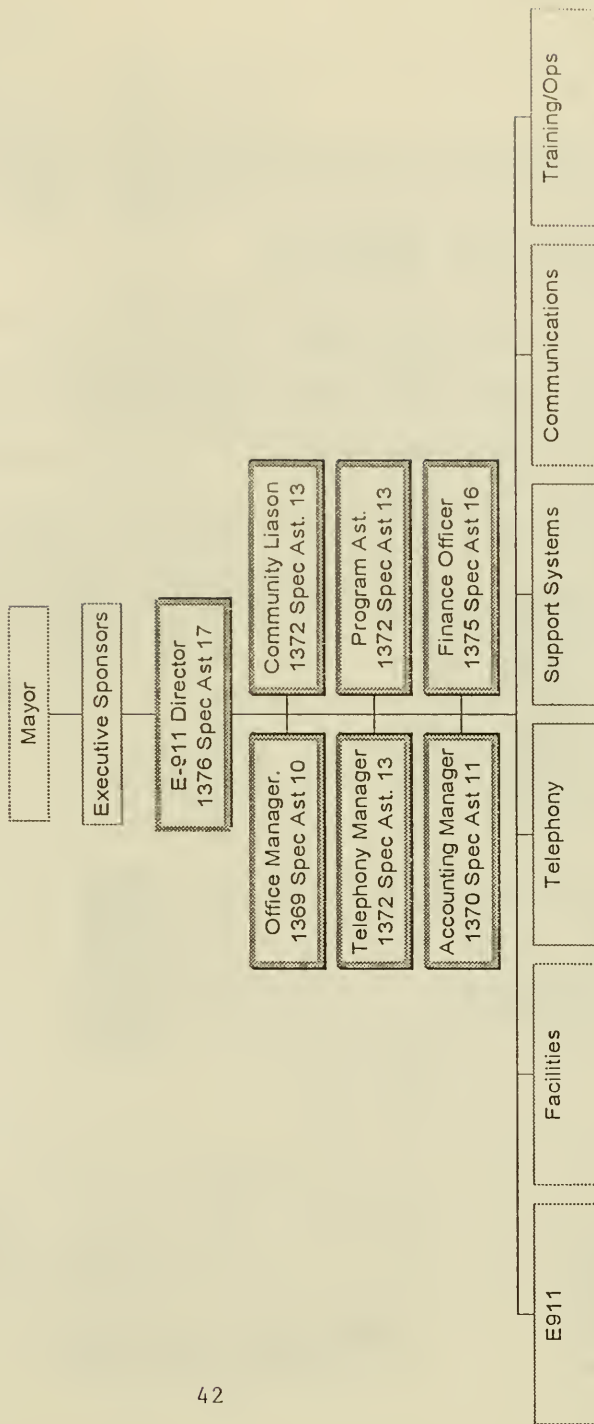
This is a technical position that will serve as a project manager over the Telephony component of the E-911 project. To date, there has been little or no focus placed on this area of the project. So the Project Manager must be able to "start from scratch" and construct a system that can be successfully integrated with other components. This will involve:

- Design, or directing the design of, the entire Telephony system.
- Design and ensure delivery of dispatch consoles
- Interact with private vendors to ensure the Computer Aided Dispatch and the Automated Information Systems are compatible with other project components.

These activities, and myriad others, must be accomplished in a manner that meets the schedule of other project components. The employee occupying this position will interact high level staff in various City departments so as to ensure their needs are anticipated and met by the telephony system. This is a limited tenure position.



# E-911 Project Management



Attachment  
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1997  
Item 5 - File 102-97-4

Item: Ordinance amending the FY 1997-98 Annual Salary Ordinance to create seven new positions to provide staff for managing the E-911 Project.

No. of Classi- Positions	ication	Title	Position	Step 1 (Biweekly- Annual)	Step 2 (Biweekly- Annual)	Step 3 (Biweekly- Annual)	Step 4 (Biweekly- Annual)	Step 5 (Biweekly- Annual)
1	1369	Special Assistant X	Office Manager	\$1,844 48,128	\$1,936 50,529	\$2,033 53,061	\$2,135 55,723	\$2,242 58,516
1	1370	Special Assistant XI	Accounting Manager	1,985 51,808	2,084 54,392	2,188 57,106	2,297 59,951	2,412 62,953
3	1372	Special Assistant XIII	*	2,297 59,951	2,412 62,953	2,533 66,111	2,660 69,426	2,793 72,897
1	1375	Special Assistant XVI	Finance Officer	2,862 74,698	3,005 78,430	3,155 82,345	3,313 86,469	3,479 90,801
1	1376	Special Assistant XVII	E-911 Project. Dir.	3,080 80,388	3,234 84,407	3,396 88,635	3,566 93,072	3,744 97,718

\* 1 Telephony Manager  
1 Program Assistant  
1 Community Liaison Rep.

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Item 6 - File 101-97-6

**Department:** Mayor's Office

**Item:** Ordinance appropriating \$300,000 of the Citizen's Option for Public Safety (COPS) program State grant monies for the MUNI Transit Assistant Program (MTAP), providing for ratification of action previously taken.

**Amount:** \$300,000

**Source of Funds:** State Citizen's Option for Public Safety (COPS) grant funds (AB 3229)

**Description:** The proposed ordinance is a supplemental appropriation of State Citizen's Option for Public Safety (COPS) grant funds, in the amount of \$300,000. According to Mr. Nolan Highbaugh of the Mayor's Criminal Justice Council, the amount of \$300,000 would be used to pay for FY 1996-97 expenditures for the MUNI Transit Assistance Program (MTAP). Mr. Highbaugh advises that MTAP is youth employment program designed to train young people in the use of community organizing techniques to reduce youth violence on MUNI.

According to Mr. Highbaugh, the Mayor's Criminal Justice Council entered into an agreement with the Real Alternatives Program, a nonprofit community organization, to manage MTAP for \$451,722 from November 1, 1996 through June 30, 1997. The MTAP program is funded by the San Francisco Unified School District (\$50,000), the Police Department (\$50,000 in General Fund monies), and the Federal Community Partnership Grant (\$51,722) with the balance to be funded by the subject COPS grant funds (\$300,000).

**Budget:** The subject ordinance would appropriate \$300,000 in COPS funds toward the total FY 1996-97 MTAP contract with the Real Alternatives Program which totals \$451,722. The Attachment, provided by the Mayor's Office, is the budget for the total contract in the amount of \$451,722.

**Comments:** According to Mr. Highbaugh, FY 1996-97 services under the Real Alternatives Program contract have already been provided and the organization has been paid. Therefore the ordinance provides for ratification of action previously taken. Mr. Highbaugh explains that the Mayor's Office inadvertently neglected to request the subject COPS grant funds payment authorization of \$300,000 of the total \$451,722 contract.

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According to Mr. Highbaugh, the subject request for \$300,000 in COPS grant funds would reimburse the General Fund for the \$300,000 already paid to the Real Alternatives Program, as it has been determined by the Mayor's Office that MTAP expenditures are eligible for COPS program funding. Approval of this ordinance would therefore reduce Fiscal Year 1996-97 General Fund expenditures by \$300,000.

**Recommendation:** Approve the proposed supplemental appropriation.



Attachment

4. The following calculation of charges shall be added to Appendix B.

**COMMUNITY SERVICE WORKER COLLABORATIVE**

NOVEMBER 1, 1996 - JUNE 30, 1997

**PERSONNEL:**

**A. Salaries:**

CSW Workers: 32 Workers X \$8/hour X 40 hours/week	\$317,440
X 31 weeks	
CSW Coordinators: 2 FT Coordinators X \$2,333/month	\$ 36,162
X 7.75 months	

<b>TOTAL SALARIES:</b>	<b>\$353,602</b>
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**B. Fringe:**

FICA @ 7.65%	\$ 27,051
SUI @ 3.5%	\$ 12,376
Worker's Comp @ .91%	\$ 3,218

<b>TOTAL FRINGE:</b>	<b>\$ 42,645</b>
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<b>TOTAL PERSONNEL:</b>	<b>\$396,247</b>
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<b>INDIRECT (Total Personnel X 14%):</b>	<b>\$ 55,475</b>
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<b>TOTAL BUDGET:</b>	<b><u>\$451,722</u></b>
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5. Full Force and Effect: Except as expressly amended by this First Modification to Agreement, the Agreement and its attachments shall remain in full force and effect in accordance with their terms.



Item 7 - File 64-97-8

**Department:** Department of the Environment  
Real Estate Department

**Item:** Resolution authorizing a new lease of real property at 1540 Market Street, Suites 160 & 190, for the Department of the Environment.

**Location:** Suites 160 & 190 on the first floor of the building located at 1540 Market Street.

**Lessor:** 1540 Market Street Investment Company

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** 1,225 square feet, including 952 square feet at Suite 160 and 273 square feet at Suite 190, at approximately \$1.25 per square foot per month, for a total of \$1,531.25 for the first year and approximately \$1.28 per square foot, for a total of \$1,568 for the second year and both two-year option periods.

**Annual Cost:** \$18,375 for the first year; \$18,816 for the second year and option periods.

**Increase Over Prior Lease:** The Department currently leases 273 square feet at Suite 190 on a month-to-month basis at the same proposed monthly rental rate of \$1.25 per square foot for the first year.

**Term of Lease:** Two years commencing upon execution of the lease.

**Utilities and Janitorial Services:** Landlord is responsible for utility and janitorial services.

**Right of Renewal:** Two option periods of two years each.

**Source of Funds:** Department of the Environment FY 1997-98 budget

**Description:** According to Ms. Claudine Venegas of the Real Estate Department, the Department of the Environment has occupied Suite 190 on a month-to-month lease since February 1, 1997. Under Section

23.19 of the San Francisco Administrative Code, the Director of Property may execute a short-term lease on behalf of the City when the monthly rent is less than \$1,000. Suite 190 consists of 273 square feet, and costs \$1.25 per square feet for a total monthly rent of \$341.25.

Ms. Magilavy, Director of the Department of the Environment, reported that she initially worked out of her former nonprofit office while the Real Estate Department negotiated a lease for Suite 160 and the adjoining Suite 190, which were identified to house the newly-created Department. According to Ms. Magilavy, the Department moved into Suite 190 on a temporary month-to-month lease pending the proposed lease of Suite 160 and 190. Three employees, including the Director, Secretary of the Commission, and one clerical position currently occupy the one room suite, resulting in 91 square feet per employee. According to Ms. Magilavy, staff do not have private offices, one employee does not have sufficient space for a desk, and there is not adequate room to set up computer tables. Furthermore, Ms. Magilavy reported that the Department is in the process of hiring one new Integrated Pest Management (IPM) Coordinator which was approved in the Fiscal Year 1997-98 budget.

**Comments:**

1. According to Ms. Frances Thomas of the Purchasing Department, 1540 Market Street Investment Company has submitted documentation to the Human Rights Commission (HRC) in response to a requirement that they comply with the Equal Benefits Ordinance. The company's certification is currently pending review by HRC.

2. According to Ms. Venegas, compliance with the Bicycle Parking Ordinance has been addressed pursuant to the proposed lease. Ms. Venegas reported that the landlord, 1540 Market Street Investment Company, has agreed to allow employees to store their bicycles within Suites 160 and 190, provided they are stored in such a way that the Fire Code is not violated.

3. According to Ms. Venegas, the monthly rent of \$1.25 per square foot represents fair market value.

4. The proposed lease of 1,225 square feet, including the 273 square feet of Suite 190, which is presently being leased by the Department of the Environment, and 952 square feet of Suite 160, represents an increase of 952 square feet or a 349% increase in space for the Department. The space would result in approximately 306 square feet for each of the Department's four presently authorized positions.

5. According to Ms. Magilavy, the Department is in the process of completing an analysis for the Mayor's Office to determine what additional environmental responsibilities should be undertaken by the Department of the Environment. Ms. Magilavy reported that the Department plans to increase its staff in the next one to two years. Ms. Magilavy stated that the proposed space of 1,225 square feet could accommodate a total of nine employees, resulting in approximately 136 square feet per employee. However, all new positions, in excess of the four presently authorized positions, would require Board of Supervisors approval. Normally, the amount of leased space which is approved by the Board of Supervisors is based on the number of existing authorized positions.

**Recommendations:**

1. Amend the proposed resolution making approval of the lease contingent upon 1540 Market Street Investment Company being certified by HRC as being in compliance with the Equal Benefits Ordinance.
2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.





Item 8 - File 64-97-9

**Department:** City Attorney  
Real Estate Department

**Item:** Resolution authorizing a new lease of real property (Suite 401) at Fox Plaza, 1390 Market Street for the City Attorney.

**Location:** Suite 401 is located on the fourth floor of the Fox Plaza building located at 1390 Market Street.

**Lessor:** CALFOX, Inc.

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** 5,492 square feet at approximately \$1.46 per square foot per month, for a total of \$8,009.16 per month, which shall remain unchanged through the 3 years and 2 months term of the lease.

**Annual Cost:** \$96,109.92

**Term of Lease:** The proposed lease would commence upon substantial completion of the tenant improvements (expected to be about November 1, 1997) and would terminate on December 31, 2000 (3 years, 2 months).

**Utilities and Janitorial Services:** The Landlord is responsible for utilities and janitorial services.

**Right of Renewal:** The lease is co-terminus with the existing lease of floors 2, 6, and 10 for the City Attorney. There is no right of renewal on either the existing or the proposed lease.

**Source of Funds:** City Attorney's FY 1997-98 Budget

**Description:** The City Attorney reports that its Child and Family Services Unit, currently located at the Youth Guidance Facility, needs to relocate their office when the Juvenile Court moves to the new Courthouse in November of 1997. According to Ms. Martie Moore of the City Attorney's Office, there is no space in the new Courthouse building, located at the intersection of Polk and McAllister Streets, which would be available for the

City Attorney's Child and Family Services Unit. According to Ms. Moore, this Unit needs to be in close proximity to the Juvenile Court. The Children and Family Services Unit includes 12 attorneys and 5 support staff for a total of 17 employees. According to Ms. Moore, the Child and Family Services Unit will occupy approximately 3,400 square feet of the 5,492 square feet in the proposed lease for Suite 401, including 200 square feet for records, thereby resulting in approximately 188 square feet per employee. Ms. Moore reported that the 17 Child and Family Services employees currently occupy approximately 2,070 square feet at the Youth Guidance Facility, for approximately 122 square feet per employee.

In addition to the 3,400 square feet that would be occupied by the Child and Family Services Unit, approximately 589 square feet would be used for two attorneys, one legal assistant and one clerical person working on the Bank of America litigation, resulting in approximately 147 square feet per employee. Additionally, 692 square feet will be used for file cabinets. According to Ms. Moore, there is not adequate space to continue to house these 17 Child and Family Services staff on the 6th floor of 1390 Market Street, where they currently share desks and a cubicle. Furthermore, there is not adequate space for file cabinets.

According to Ms. Moore, 600 square feet of Suite 401 would be used by two attorneys and one clerical person working on telecommunications issues, resulting in approximately 200 square feet per employee. Ms. Moore has stated that the three employees currently have no separate office space and are temporarily located on the 5th floor of the Fox Plaza building, where they are sharing offices with other City Attorney employees.

According to Ms. Moore, the remaining 211 square feet (5,492 less 3,400, less 589, less 692, less 600) will also be utilized for file cabinets where possible.

**Comments:**

1. According to Mr. Charles Dunn of the Real Estate Department, the monthly rent for Suite 401 would be \$8,009.16. Line 15 of the proposed resolution, which states that the monthly rent would be \$8,096.16,

should be amended to read "the monthly rent for the term shall be \$8,009.16."

2. According to Mr. Dunn, the monthly rent of \$1.46 per square foot represents fair market value for the proposed facility.

3. According to Ms. Frances Thomas of the Purchasing Department, CALFOX, Inc. has not yet submitted documentation to the Human Rights Commission in response to the requirement that they comply with the Equal Benefits Ordinance.

4. According to Mr. Dunn, compliance with Section 155.1 of the San Francisco Planning Code (Bicycle Parking Ordinance) has been addressed pursuant to the proposed lease at no cost to the landlord. Mr. Dunn reported the Department of Public Transportation has toured the property and will be ordering bicycle racks that comply with the Ordinance.

- Recommendations:**
1. In accordance with comment No. 1, amend line 15 of the proposed resolution to read "The monthly rent for term shall be \$8,009.16" instead of \$8,096.16.
  2. Amend the proposed resolution making approval contingent upon CALFOX, Inc. being certified by HRC as being in compliance with the Equal Benefits Ordinance.
  2. Approve the proposed resolution, as amended.



Item 9 - File 64-97-10

<b>Departments:</b>	Department of Human Services (DHS) Department of Building Inspection (DBI)
<b>Item:</b>	Resolution authorizing an amendment to an existing lease for additional office space at 1650 Mission Street for the Department of Human Services and for the Department of Building Inspection.
<b>Location:</b>	Third floor of the building located at 1650 Mission Street.
<b>Lessor:</b>	1650 Mission Street Associates, L.P., a California Limited Partnership
<b>Lessee:</b>	City and County of San Francisco
<b>No. of Sq. Ft. and Cost Per Month:</b>	18,803 square feet at approximately \$1.48 per square foot per month, for a total of \$27,813 per month
<b>Annual Cost:</b>	\$333,756
<b>Increase Over Existing Lease:</b>	The existing lease for 1650 Mission Street provides approximately 39,009 square feet at \$1.35 per square foot, or \$52,825 per month (\$633,900 annually). The proposed lease amendment would result in an increase in square footage of 18,803 square feet (48.2 percent), from 39,009 to 57,812 square feet, and an increase in annual rent of \$333,756 (52.8 percent), from \$633,900 to \$967,656 per year.
<b>Term of Lease:</b>	The proposed lease would commence upon substantial completion of tenant improvements, expected to occur on approximately November 1, 1997, and would expire on July 31, 2003 (five years, nine months).
<b>Utilities and Janitorial Services:</b>	Landlord would be responsible for all utility and janitorial services.
<b>Right of Renewal:</b>	The proposed lease contains two consecutive one-year options to renew at 95 percent of then fair market rent, as agreed to by the City.
<b>Source of Funds:</b>	Previously approved funds in the Department of Human Services' (DHS) and Department of Building Inspection's (DBI) FY 1997-98 budgets

**Description:**

The proposed resolution would authorize an amendment to an existing lease in order to provide an additional 18,803 square feet of office space on the third floor of 1650 Mission Street for employees of the Department of Building Inspection (DBI) and the Department of Human Services (DHS).

In May of 1996, the Board of Supervisors approved a lease between the City and 1650 Mission Street Associates for office space on the second floor of 1650 Mission Street for 212 DHS employees (File 64-96-3). This lease provides approximately 39,009 square feet of space at \$1.35 per square foot or \$52,825 per month (\$633,900 per year). The term of the existing lease is from August 1, 1996 through June 30, 2003 (approximately seven years).

Ms. Sally Kipper of DHS advises that additional office space is needed for 52 DHS employees primarily as the result of the creation of new positions in DHS's FY 1997-98 budget and the need to evacuate employees currently located at 150 Otis Street due to seismic concerns. According to Ms. Kipper, the 52 DHS employees who would occupy the third floor of 1650 Mission Street include:

- 15 existing staff in the Quality Control and Investigations Units who are currently located on the second floor of 1650 Mission Street but who are being relocated to the third floor in order to make space available on the second floor for 14 new positions created in DHS's FY 1997-98 budget;
- 15 existing staff in the Overpayments Unit who are currently occupying leased space at 1440 Harrison Street and who must vacate this building in order to make space available for DHS employees who are relocating from 150 Otis Street due to seismic concerns;
- 12 existing staff in the Adult Services Program who currently occupy space on the second floor of 1650 Mission Street which is inadequate for the needs of this Program; and
- 10 new positions for the Adult Services Program created in DHS's FY 1997-98 budget.

DBI currently occupies 45,000 square feet of space at 1660 Mission Street, a City-owned building. According to Mr. Peter Burns of DBI, 27 employees currently located at 1660 Mission Street must be relocated in order to make space available for the new One-Stop Permit Center, which will be located on the



first floor of 1660 Mission Street. The Board of Supervisors previously approved legislation which authorized the addition of 10 new positions for the new One-Stop Permit Center (Files 101-96-82 and 102-96-18), which is expected to open in October or November of 1997. Mr. Burns advises that 27 employees in DBI's Records Management, Administration and Personnel and Payroll Divisions would be relocated from the first floor of 1660 Mission Street to the third floor of 1650 Mission Street.

The proposed resolution would authorize an amendment to the existing lease for 1650 Mission Street in order to provide an additional 18,803 square feet of office space on the third floor for the 52 DHS and 27 DBI employees, or a total of 79 employees, as reflected above. The proposed rental cost for this additional space would be \$1.48 per square foot or \$27,813 per month (\$333,756 per year) (see Comment No. 1). This 18,803 square feet of space and \$27,813 in monthly rental costs would be divided between DHS and DBI as follows:

<u>Department</u>	<u>No. of Employees</u>	<u>Square Footage</u>	<u>Rent per Square Foot</u>	<u>Monthly Rent</u>	<u>Total Increase in Annual Rent</u>
DHS	52	10,896	\$1.48	\$16,113	\$193,356
DBI	<u>27</u>	<u>7,907</u>	1.48	<u>11,700</u>	<u>140,400</u>
TOTAL	79	18,803*		\$27,813	\$333,756

\* The proposed lease amendment would provide 18,803 square feet for 79 employees, or an average of 238 square feet per employee.

The proposed lease amendment would result in an increase in the square footage and rental cost for the 1650 Mission Street lease by 18,803 square feet, from approximately 39,009 to 57,812 square feet, and by \$333,756 per year, from \$633,900 to \$967,656 per year, respectively. The table below summarizes the number of employees, the number of square feet and the current and proposed rental cost for all the space which will be occupied at 1650 Mission Street:

<u>Location at 1650 Mission St.</u>	<u>No. of Employees</u>	<u>Approximate Square Footage</u>	<u>Rent per Square Foot</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
2nd Floor (DHS)	199	39,009	\$1.35	\$52,825	\$633,900
3rd Floor (DHS/DBI)	<u>79</u>	<u>18,803</u>	1.48	<u>27,813</u>	<u>333,756</u>
TOTAL	278	57,812*		\$80,638	\$967,656

\* The proposed lease amendment would provide approximately 57,812 square feet for 278 employees, or an average of 208 square feet per employee.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

The additional annual rental cost of \$333,756 for the additional 18,803 square feet of space at 1650 Mission Street would be paid for with existing funds included in DHS's and DBI's FY 1997-98 budgets.

The proposed lease amendment also states that the landlord will construct tenant improvements, including improvements needed to comply with the San Francisco Building Code and the Americans with Disabilities Act (ADA) and other leasehold improvements, at an estimated cost of \$518,903. Of this cost, approximately \$376,000 (72 percent) would be paid for by the landlord and the remaining \$142,903 (28 percent) would be paid for by the City. The City's portion of \$142,903 would be paid by DHS (\$47,162) and DBI (\$95,741) using existing funds included in DHS's and DBI's respective FY 1997-98 budgets.

**Comments:**

1. Mr. Steve Legnitto at the Department of Real Estate advises that the proposed rent of \$1.48 per square foot per month represents the fair market value for the property. The rate of \$1.48 per square foot per month for the proposed lease amendment for space on the third floor at 1650 Mission represents an increase of 9.6 percent from the rate of \$1.35 per square foot per month which the City currently pays to lease space on the second floor of the building. Mr. Legnitto reports that the real estate market has changed significantly since the original lease was signed in May of 1996, resulting in the higher rental rate for the proposed lease amendment.
2. The proposed lease amendment includes a provision that requires the landlord to cooperate, at no cost to the landlord, with the implementation of Ordinance 31-96 (Bicycle Storage at City-owned and leased properties).
3. The Human Rights Commission (HRC) advises that the landlord, 1650 Mission Street Associates, is not currently certified as complying with the City's Equal Benefits Ordinance. However, according to Mr. Charlie Dunn of the Real Estate Department, the proposed lease amendment contains language approved by the City Attorney which requires the landlord to comply with Chapters 12B and 12C of the Administrative Code, relating to non-discrimination and equal benefits in employment by parties contracting to lease property to the City. Mr. Dunn further advises that, as part of this language, the proposed lease amendment would be subject to and contingent upon the approval of Mission Street Associates' Chapter 12B Declaration by HRC.

Memo to Finance Committee  
August 20, 1997

- Recommendations:**
1. Amend the proposed resolution to make approval contingent upon Human Rights Commission certification that the subject lessor is in compliance with the Equal Benefits Ordinance, as contained in Administrative Code Section 12B.
  2. Approve the proposed resolution, as amended.



Item 10 - File 64-97-11

**Department:** District Attorney's Office (DA)

**Item:** Resolution authorizing a new lease of real property for the District Attorney's Office.

**Location:** 732 Brannan Street

**Purpose of Lease:** Office space for the Special Prosecutions, Welfare Fraud and Victim Witness Services Units of the District Attorney's Office.

**Lessor:** First California Investments

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** 16,000 square feet at approximately \$1.18 per square foot for a total of \$19,000 per month.

**Annual Cost:** \$228,000

**Decrease From Previous Leases:** Reduction of \$1,968 per year or 0.9 percent, from \$229,968 to \$228,000 per year

**Utilities and Janitor Services:** Landlord would be responsible for janitorial services. The City would be responsible for paying separately metered utility service.

**Term of Lease:** The proposed lease would commence upon delivery of a fully executed copy of the lease, estimated to occur on approximately October 1, 1997, and would expire on June 30, 2008 (10 years and nine months).

**Right of Renewal:** The City has the option to renew the lease for two five-year periods at 95 percent of the then prevailing market rate, as agreed to by the City.

<b>Source of Funds:</b>	District Attorney's FY 1997-98 Budget -	
	General Fund	\$111,000
	District Attorney's FY 1997-98 Budget -	
	State Board of Control Funds	22,524
	Pending Federal Grant for the DA's Victim Witness Services Unit*	18,426
	Workorder Funds from the Department of Human Services (DHS) FY 1997-98 Budget for the DA's Welfare Fraud Unit	<u>76,050</u>
	Total	\$228,000

\* Subject to approval by the Board of Supervisors

**Description:**

The proposed resolution would authorize a new lease for 16,000 square feet of office space at 732 Brannan Street for three units of the District Attorney's Office - the Special Prosecutions Unit, the Victim Witness Services Unit and the Welfare Fraud Unit - which are currently located at four separate sites.

The DA's Victim Witness Services Unit currently occupies a total of 2,262 square feet of space at two separate locations, the Hall of Justice and 699 Eighth Street. There are six employees occupying 792 square feet of space at the Hall of Justice. In addition, eight employees currently occupy 1,470 square feet of leased space at 699 Eighth Street. The rental cost of this lease, which operates on a month-to-month basis, is approximately \$1.01 per square foot or \$1,490 per month (\$17,880 per year). The proposed lease would allow for the 14 employees of the DA's Victim Services Unit to be relocated into consolidated office space at 732 Brannan Street.

The DA's Welfare Fraud Unit consists of 26 employees who currently share a building with the Department of Human Services (DHS) at 1440 Harrison Street. The DA's Welfare Fraud Unit occupies 5,200 square feet of space at 1440 Harrison Street at a rental cost of \$1.62 per square foot or \$8,424 per month (\$101,088 annually). The DA's Office advises that the Welfare Fraud Unit must vacate this building in order to make space available for DHS employees who are relocating from a Category 3 seismic building at 150 Otis Street due to seismic concerns. The Welfare Fraud Unit will therefore be relocated to 732 Brannan Street under the proposed lease.

In addition, the DA's Special Prosecutions Unit would also occupy space at 732 Brannan Street under the proposed new lease. The Special Prosecutions Unit, which consists of 41 employees, already occupies 8,000 square feet of space at this location under an existing lease with First California



Investments which will expire on September 30, 1997. The rental cost of the current lease is \$1.16 per square foot or \$9,250 per month (\$111,000 per year).

The table below summarizes the number of employees, the number of square feet and the current rental cost for the four separate sites currently occupied by the three DA units described above.

<u>DA Unit/ Current Location</u>	<u>No. of Employees</u>	<u>Square Footage</u>	<u>Rent per Square Foot</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
Victim Witness Services					
Hall of Justice	6	792	\$0	\$0	\$0
699 Eighth St.	<u>8</u>	<u>1,470</u>	1.01	<u>1,490</u>	<u>17,880</u>
Subtotal	14	2,262		\$1,490	\$17,880
Welfare Fraud					
1440 Harrison St.	26	5,200	1.62	8,424	101,088
Special Prosecutions					
732 Brannan St.	<u>41</u>	<u>8,000</u>	1.16	<u>9,250</u>	<u>111,000</u>
TOTALS	81	15,462*		\$19,164	\$229,968

\* The four locations shown above provide a combined total of 15,462 square feet for 81 employees, or an average of 191 square feet per employee.

The proposed resolution would authorize the DA's Office to enter into a new lease for 16,000 square feet at 732 Brannan Street in order to provide consolidated office space for the three units of the DA's Office reflected above. The proposed rental cost of this lease would be \$1.18 per square foot or \$19,000 per month (\$228,000 per year). As such, approval of the proposed lease would result in a reduction of \$1,968 or 0.9 percent (from \$229,968 to \$228,000 per year) in the annual rent currently paid by the DA's Office for office space for these three units. The proposed new lease would also provide an increase in square footage of 538 square feet, from 15,462 to 16,000 square feet, resulting in an average of 198 square feet per employee.

The annual rental cost of \$228,000 for the proposed lease would be paid for in part with General Fund monies (\$111,000) and State Board of Control funds (\$22,524), for a total of \$133,524, which have been included in the DA's FY 1997-98 budget. An additional \$76,050 would be paid for with workorder funds included in DHS's FY 1997-98 budget for the DA's Welfare Fraud Unit, which provides services to DHS. In addition, the DA's Office advises that it is currently preparing an application for a Federal grant for the Victim

Witness Services Unit, which would provide the remaining \$18,426 in annual rent. The application for, acceptance and expenditure of these grant funds are subject to approval by the Board of Supervisors.

The proposed lease agreement also states that the landlord shall provide tenant improvements at 732 Brannan Street pursuant to plans approved by the City. These consist of improvements to comply with the American with Disabilities Act (ADA) and other leasehold improvements. Mr. Charlie Dunn of the Real Estate Department reports that the estimated cost to the landlord of these improvements will be approximately \$344,000.

The Real Estate Department reports that the above-noted tenant improvements for 732 Brannan Street will be performed over a four to five month period, between approximately October 1, 1997 and January or February of 1998. Mr. Dunn advises that, during that time, the DA's Special Prosecutions Unit, which is currently located at 732 Brannan Street, will temporarily relocate to another site which has not yet been identified. Under the proposed agreement, the landlord would either reimburse the City or directly pay the costs, estimated to be approximately \$50,000, for relocating the Special Prosecutions Unit from 732 Brannan Street to the temporary site and back to 732 Brannan Street upon completion of the tenant improvements.

During the initial four or five month period of the proposed lease (while tenant improvements are being performed), the City would pay the current rent for 732 Brannan Street of \$9,250 per month to First California Investments to cover the rental cost of the Special Prosecution Unit's temporary site, which will then be paid by First California Investments to the lessor of the Special Prosecutions Unit's temporary site. Mr. Dunn further advises that the temporary site will most likely consist of at least 8,000 square feet, about the same amount of square footage presently occupied by the DA's Special Prosecutions Unit at 732 Brannan Street. In addition, Mr. Dunn advises that, if the actual rental cost for the temporary site exceeds the City's current cost of \$9,250 per month, the landlord would be responsible for any amount in excess of \$9,250.

Upon completion of tenant improvements at 732 Brannan Street, the Special Prosecutions Unit, the Victim Witness Services Unit and the Welfare Fraud Unit would relocate to 732 Brannan Street and the monthly rent of \$19,000 per month would take effect.

**Comments:**

1. According to Ms. Teresa Serata of the DA's Office, the estimated moving costs for the Victim Witness Services Unit's relocation to 732 Brannan Street will be approximately \$8,000. Ms. Serata advises that the source of funds for this \$8,000 will be State Board of Control funds included in the DA's FY 1997-98 budget. Ms. Serata further advises that the moving costs for the Welfare Fraud Unit's relocation from 1440 Harrison Street to 732 Brannan Street have not yet been determined but would be paid for out of existing funds included in the DA's FY 1997-98 budget.

2. The proposed lease includes a provision that requires the landlord to cooperate, at no cost to the landlord, with the implementation of Ordinance 31-96 (Bicycle Storage at City-owned and leased properties).

3. The Human Rights Commission (HRC) advises that the landlord, First California Investments, is not currently certified as complying with the City's Equal Benefits Ordinance. However, according to Mr. Dunn of the Real Estate Department, the proposed lease contains language approved by the City Attorney which requires the landlord to comply with Chapters 12B and 12C of the Administrative Code, relating to non-discrimination and equal benefits in employment by parties contracting to lease property to the City. Mr. Dunn further advises that, as part of this language, the proposed lease would be subject to and contingent upon the approval of First California Investment's Chapter 12B Declaration by HRC.

**Recommendations:** 1. Amend the proposed resolution to make approval contingent upon Human Rights Commission certification that the subject contractor is in compliance with the Equal Benefits Ordinance, as contained in Administrative Code Section 12B.

2. Approve the proposed resolution, as amended.



Item 11 - File 64-97-12

**Department:** Real Estate Department  
Public Transportation Commission  
Municipal Railway

**Item:** Resolution authorizing an extension of a lease of property at 23rd and Illinois Streets (Pier 72) for the Municipal Railway for the storage of street cars, materials, and equipment.

**Location:** Warehouse and vacant land area located at 23rd and Illinois Streets (Pier 72).

**Lessor:** Harrigan, Weidenmuller Co.

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** 84,000 square feet at approximately \$0.30 per square foot per month, for a total of \$25,520 per month.

**Annual Cost:** \$306,240

**Increase Over Prior Lease:** The Public Transportation Commission currently leases the property at a rate of \$22,750 per month (approximately \$0.27 per square foot per month). The increase of \$0.03 per square foot per month represents an increase of 11.1 percent, which amounts to \$2,770 monthly or \$33,240 annually.

**Term of Lease:** The existing lease expired June 30, 1997. The proposed lease would have a term of two years, extending retroactively from July 1, 1997 to June 30, 1999.

**Utilities and Janitorial Services:** The City will pay for utilities and janitorial services.

**Right of Renewal:** None

**Source of Funds:** Municipal Railway 1997-1998 Fiscal Year funds.

**Description:** This is a two year extension of an existing lease between the City and the lessor Harrigan, Weidenmuller Co., for the warehouse and vacant

land area at 23rd and Illinois Streets. The Municipal Railway utilizes the property for the storage of street cars, materials and equipment. The proposed lease includes a retroactivity clause, setting the term of the lease from July 1, 1997, when the existing lease expired, until June 30, 1999.

**Comments:**

1. According to Mr. Steve Legnitto of the Department of Real Estate, the proposed rent represents fair market value.

2. Pursuant to the Equal Benefits Ordinance, which went into effect June 1, 1997, lessors who enter into lease agreements with the City are required to comply with the Equal Benefits Ordinance. According to Frances Thomas of the Purchasing Department, Harrigan, Weidenmuller Company is required to comply with the Equal Benefits Ordinance but has not yet submitted a request for certification from the Human Rights Commission.

3. According to Robert Passmore, Zoning Administrator for the Department of City Planning, in consultation with Mr. Robert Bryan, Deputy City Attorney, if City employees are not stationed at buildings leased by the City, the City's Bicycle Parking Ordinance, as outlined in Article 1.5, Section 155 of the Planning Code, does not apply. Mr. Jim Nelson of Municipal Railway advises that City employees are only intermittently on-site at the warehouse located on the proposed lease property for the purposes of delivering or obtaining vehicles or equipment. Consequently, the City's Bicycle Parking Ordinance does not apply to the proposed lease agreement according to Mr. Passmore.

**Recommendations:**

1. Amend the proposed resolution making approval of the lease contingent upon HRC certification that the lessor is in compliance with the Equal Benefits Ordinance.

2. Approve the proposed resolution as amended.



Item 12 - File 46-97-9

**Departments:** City Attorney  
Sheriff

**Item:** Ordinance approving the settlement of the City's claims against Rolf Jensen & Associates, fire alarm system design subconsultant for the New Sheriff's Facility.

**Description:** The City was a party to four legal disputes involving the construction of the Sheriff's New Jail Facility (County Jail No. 8) located at 425 Seventh Street. In November of 1994, the Board of Supervisors approved a supplemental appropriation (File 101-94-18.1) for the City Attorney to pursue litigation against the project's architectural Joint Venture of Williams +Tanaka/Del Campo & Maru, and nine of their subconsultants, who were also covered under the Joint Ventures' "errors and omissions" insurance policy. However, two of the architectural Joint Venture's subconsultants (Rolf Jensen & Associates and MCT Engineers) and the Project Manager (Vanir Construction Management, Inc.) did not participate in the earlier settled lawsuit, and are the defendants in separate lawsuits filed by the City.

The proposed ordinance would now settle a claim against Rolf Jensen & Associates (RJA), due to alleged design errors and omissions on the Fire Alarm System in the Sheriff's New Jail Facility. RJA is neither a MBE, WBE or LBE firm.

With the assistance of consultants, including Signal Electric for the cost of correcting design omissions, Barba Arkhon, International, Inc., a scheduling contractor and Tucker Alan, a financial consultant, the City Attorney's Office assessed the City's damages related to the Fire Alarm System at the Sheriff's New Jail Facility at approximately \$300,000. According to a memorandum by Mr. Anthony Flores of the City Attorney's Office, it is alleged that Rolf Jensen & Associates (1) failed to include some of the fire detection and alarm devices required by the State Fire Marshall, (2) provided incomplete and tardy submittal reviews and (3) developed improper Fire Code interpretations. As a result, it is alleged that the City incurred increased costs to install the necessary devices after the Jail was occupied, including the cost of a 24-hour Sheriff's Deputy on fire watch.

According to the proposed ordinance, RJA will pay \$200,000 to the City and the City will indemnify RJA against claims from the Sheriff's New Jail Facility contractors and subcontractors. Mr. Kris Cox of the City Attorney's Office reports that the proposed settlement will resolve all of the remaining issues between RJA and the City. According to Mr. Flores, any additional specifics of this case should be discussed by the Finance Committee with City Attorney staff in closed session.

**Comments:**

1. Litigation with the architectural Joint Venture and the nine subconsultants was recently settled and the City received a financial settlement award of \$943,100. The proceeds from the \$943,100 settlement award were appropriated by the Board of Supervisors (File 101-96-76) in June, 1997. These funds were to be used by the City Attorney's Office to pay for the City Attorney's costs for (1) the settled case against the architectural Joint Venture and the nine subconsultants, (2) to pursue the City's lawsuits against the remaining two Joint Venture subconsultants of RJA and MCT Engineers and the Project Manager, Vanir Construction Management, Inc. and (3) to defend the City against another lawsuit which was filed in October of 1995 by Stolte, a division of Green International, the New Jail Facility project's General Contractor and certain of its subcontractors.
2. The City Attorney also received two previous supplemental appropriations (File 101-94-18 and 101-94-18.2) totalling \$340,000 in connection with the various lawsuits involving the Sheriff's New Jail Facility. These supplemental appropriations were from General Fund revenues. Therefore, including the settlement proceeds of \$943,100, the City Attorney has received a total of \$1,283,100 in connection with these various lawsuits concerning the Sheriff's New Jail Facility.
3. According to Ms. Martie Moore of the City Attorney's Office, the City Attorney has identified the following labor costs and out-of-pocket expenses incurred by the City Attorney's Office for the past three fiscal years in connection with these various lawsuits on the Sheriff's New Jail Facility:

<u>Fiscal Year</u>	<u>Direct Labor Costs</u>	<u>Out-of-Pocket Expenses</u>	<u>Total</u>
1994-95	\$215,962	\$38,899	\$254,861
1995-96	309,327	107,267	416,594
1996-97	<u>579,510</u>	<u>97,254</u>	<u>676,764</u>
Total	\$1,104,799	\$243,420	\$1,348,219

4. Ms Moore reports that an estimated additional \$525,000 of City Attorney labor costs are anticipated to be incurred on the Sheriff's Facility litigation project between July 1 and January 26, 1998, the currently scheduled trial date. In addition, an estimated \$128,400 of out-of-pocket expenses and \$250,000 of consultant fees will be incurred prior to the trial, for a total anticipated cost of \$903,400 by the City Attorney's Office on this case between July 1, 1997 and January 26, 1998. Furthermore, according to Ms. Moore, if the case does go to trial, it is anticipated that the City Attorney's Office will incur approximately an additional expense of \$300,000, or a total future cost of \$1,203,400.

5. Therefore, the City Attorney's Office has already incurred costs totalling \$1,348,219, and anticipates incurring additional costs of up to \$1,203,400 for the various lawsuits concerning the Sheriff's New Jail Facility, if the case goes to trial, for a total cost of \$2,551,619 in connection with the Sheriff's New Jail Facility. However, as also noted above, the Board of Supervisors has only appropriated a total of \$1,283,100 for these expenses. According to Ms. Moore, the City Attorney's Office anticipates that any future settlement agreements or awards resulting from the trial could be used to offset part of these City Attorney's expenses. Although the proposed ordinance would settle the Rolf Jensen and Associates portion of the lawsuit for \$200,000 to the City, these funds would have to be separately appropriated to the City Attorney's Office by the Board of Supervisors.

6. Mr. Cox reports that the increase in City Attorney costs related to this case has resulted because the plaintiffs have pursued a very aggressive discovery schedule. If the Rolf Jensen and Associates case, which is the subject of the proposed legislation, had not been settled, Mr. Cox reports that the projected future costs would be even greater.

7. The total incurred and potential future costs of up to \$2,551,619 relates to the legal disputes concerning the Sheriff's New Jail Facility for the project's architectural Joint Venture and nine subconsultants, the Rolf Jensen Associates settlement, (which is the subject of the proposed legislation), and the remaining lawsuits with MCT Engineers, Vanir Construction Management, Inc. and Stolte, a division of Green International. Ms. Moore reports that given the interrelated aspects of the various Sheriff's New Jail Facility lawsuits, she cannot separately estimate the amount expended by the City Attorney's Office for the proposed Rolf Jensen Associates settlement.

8. According to Mr. Cox of the City Attorney's Office, the City Attorney is still pursuing the lawsuit against MCT Engineers, the mechanical and electrical subconsultant, Vanir Construction Management, Inc., the Project Manager and Stolte, a division of Green International, the construction contractor for the New Sheriff's Facility. Mr. Cox reports that that case is currently scheduled to go to trial on January 26, 1998.

**Recommendation:** Approve the proposed ordinance.

Item 13 - File 161-97-7.1

**Department:** San Francisco Redevelopment Agency (SFRA)

**Item:** The proposed resolution would approve an amendment to the SFRA Fiscal Year 1997-98 budget to increase expenditures for the Rincon Point - South Beach Redevelopment Project Area in the amount of \$15,000,000 for public improvements related to the Giant's Ballpark at China Basin and authorize the issuance of up to \$17,500,000 in Tax Allocation Bonds to fund up to \$15,000,000 in estimated costs for the public improvements and for the related costs of issuing the Tax Allocation Bonds.

**Description:** On July 28, 1997, the Board of Supervisors approved the Lease Disposition and Development Agreement (DDA), the Ground Lease, and related legislation for the China Basin Ballpark Project. The DDA and Ground Lease agreements were between the Port Commission, acting on behalf of the City, and the China Basin Ballpark Company LLC (CBBC, an entity established and owned by the owners of the San Francisco Giants for the purpose of developing and operating the Ballpark). The DDA included, as an attachment, an Owner Participation Agreement (OPA) between the SFRA and the CBBC that addressed the terms and conditions for the use of Tax Increment financing for the China Basin Ballpark Project. The OPA was approved by the SFRA Commission on July 22, 1997. The OPA specified the permitted uses of the Tax Increment financing, including construction of the Waterfront Promenade along the China Basin Channel and other public infrastructure improvements. Under the OPA, the SFRA committed to use its best efforts, subject to Board of Supervisors approval, to issue Tax Allocation Bonds in a principal amount sufficient to produce net proceeds not to exceed \$15,000,000, based on the estimated Tax Increment revenues from the Ballpark which will be available to pay debt service on the bonds. The issuance of the bonds is a condition to the closing of the Ground Lease under the DDA.

The proposed resolution provides for authorization of a total Tax Allocation Bond issuance of up to \$17,500,000. However, the SFRA estimates that, at current interest rates, only approximately \$16,800,000 would be required to provide for the \$15,000,000 net proceeds for public improvements. The estimated uses of the \$16,800,000 in bond proceeds are shown below:

Public Improvement Costs for the	
China Basin Ballpark Project .....	\$15,000,000
Debt Service Reserve Fund .....	1,412,000
Costs of Issuance .....	220,000
Underwriters' Discount .....	168,000
Total Uses of Funds .....	\$16,800,000



The SFRA expects to sell the Tax Allocation Bonds on or before October 15, 1997 as required by the OPA. Approximately \$12.3 million of the \$15.0 million in public improvement costs is qualified for tax exempt financing at current interest rates of between 4.2 percent and 5.7 percent, depending on the term of the bonds. Approximately \$2.7 million must be funded from non-tax exempt bonds, at current interest rates of 7.0 to 7.75 percent because, in the opinion of bond counsel, such expenditures are not for public purposes and therefore would not qualify for tax exempt financing under Internal Revenue Service regulations.

Although the SFRA estimates that, at current interest rates, \$16,800,000 in Tax Allocation Bonds would be issued, they have requested authorization to issue up to a maximum of \$17,500,000. If interest rates were to increase, or the SFRA were required to issue a greater amount of taxable bonds relative to tax-exempt bonds, then the total amount of bonds issued could exceed their current estimate.

The Attachment to this report provides a preliminary project budget for the \$15,000,000 in net bond proceeds. The largest single item shown in the project budget is \$4,004,000 for Bulkhead repair. This expenditure is to repair a bulkhead structure that serves as the foundation to the site along the Mission Creek channel. Additionally, the project budget has an amount for "Other Project Costs" of \$797,000. This item is to provide for contingencies or unanticipated expenditures connected with the proposed \$15,000,000 in public improvements.

It is the intent of the OPA between the SFRA and the CBBC that the Tax Increment revenue, in the form of increased Possessory Interest Taxes generated by the new Ballpark once it is completed would be sufficient to meet the debt service requirements of the Tax Allocation Bond financing. The OPA provides that if CBBC fails to pay Possessory Interest Taxes in an amount that does not meet debt service requirements, then CBBC would be required to pay for any deficiency. (Possessory Interest Taxes are payable by private businesses using public property for profit-making enterprises; such taxes are payable in lieu of Property Taxes which would normally be paid if the property were not publicly owned.)

During the early stages of the Ballpark construction project, the value of the leasehold improvements will be insufficient to support an assessed valuation that would provide sufficient Possessory Interest Tax revenue to meet debt service requirements. Therefore, bond proceeds will be held in escrow, earning sufficient interest income to pay interest expense on the Tax Allocation Bonds until the value of the improvements resulting from the Ballpark project are sufficient to support a release of funds from escrow for contribution to the



public improvement costs. In addition, CBBC will pay a fee to the SFRA in the amount of one percent of the total bond issuance. Based on a bond issuance of \$16,800,000, this fee would amount to \$168,000.

State law requires that Tax Increment funds be allocated in the following manner:

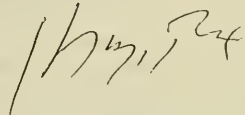
- 20 percent of total Tax Increment funds must be allocated for low and moderate income housing programs to be administered by the Redevelopment Agency;
- 20 percent of total Tax Increment funds is allocated as a "pass through" to other taxing entities (such as the San Francisco Unified School District and the San Francisco Community College District);
- The balance, or 60 percent of Tax Increment funds is available for Redevelopment activities; such as the payment of debt service to retire Tax Allocation Bonds.

In order to meet debt service funding requirements, the balance of funds available for debt service payments must equal 125 percent of actual annual debt service requirements. This "debt service coverage ratio" provides adequate assurance that debt service requirements will be met.

Once the Ballpark project is completed, the Assessor estimates that Possessory Interest Tax proceeds will amount to approximately \$3,500,000 annually. Sixty percent of this total, equal to \$2,100,000 million, would therefore be available to meet debt service coverage. Because of the debt service coverage ratio requirement of 125 percent, annual debt service payments should not exceed \$1,680,000 (\$2,100,000 divided by 1.25).

As noted above, the proposed Tax Allocation Bonds would be issued on or before October 15, 1997. The first debt service payment would be in 1998, and the bonds would be fully retired in 2022. The projected debt service on the approximately \$16.8 million in Tax Allocation Bonds over 25 years (from 1998 through 2022) would total approximately \$31.5 million, net of approximately \$2.1 million in interest expense payments from interest earnings of bond proceed funds held in escrow until the project is fully completed in the year 2000. From 2001 through 2022, the maximum annual debt service will be approximately \$1.408 million, which is within the estimated maximum amount of \$1,680,000 in net tax increment proceeds that would be available for debt service.

**Recommendation:** Based on the Board of Supervisors approval of prior legislation related to the proposed China Basin Ballpark Project, including the DDA and Ground Lease, that are predicated on a contribution of \$15.0 million in net proceeds from Tax Increment financing, approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Leal  
President Kaufman  
Supervisor Brown  
Supervisor Ammiano  
Supervisor Bierman  
Supervisor Katz  
Supervisor Medina  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Supervisor Yee  
Clerk of the Board  
Controller  
Stephen Kawa  
Ted Lakey

PUBLIC IMPROVEMENT COSTS  
 PACIFIC BELL PARK  
 SAN FRANCISCO GIANTS

Category	Item	Estimated Cost
Bulkhead Repair	Repair Bulkhead	\$ 4,004,000
Off-Site Improvements	Allowance for Off Site Improvements/1	1,800,000
On-site Utilities	Barry St. Sewer Relocation	500,000
On-site Utilities	Relocate SF Water Department	<u>85,000</u>
		585,000
Port Walk	New Piles for Port Walk	721,000
Port Walk	Portion of Rock Columns Cost	1,653,000
Port Walk	Grouting under existing structure	448,000
Port Walk	Guard Rail at Port Walk	<u>456,000</u>
		3,278,000
Sidewalks & Public Spaces	Public Art	80,000
Sidewalks & Public Spaces	Concrete sidewalks	698,000
Sidewalks & Public Spaces	Plaza Areas	455,000
Sidewalks & Public Spaces	Trees and Tree Wells	255,000
Sidewalks & Public Spaces	Public Landscaping	721,000
Sidewalks & Public Spaces	Pavers, Curb & Gutter & Chaulking	59,000
Sidewalks & Public Spaces	Site Furnishings	80,000
Sidewalks & Public Spaces	Building Facade Lighting of Public Space	488,000
Sidewalks & Public Spaces	Improvement of Park Access Road	<u>180,000</u>
		2,996,000
Site Clearing	Portion for Public Improvements	1,340,000
Site Clean Up	Portion for Public Improvements	270,000
Other Project Costs	Other Project Costs	<u>727,000</u>
Total Public Improvement Costs		\$ 15,000,000

Note: The estimated costs shown in this attachment are preliminary and subject to change with approval by the Agency.

1. Includes \$500,000 allowance for ferry landing facilities if needed.



# CALENDAR

DOCUMENTS DEPT.

## Finance Committee Board of Supervisors City and County of San Francisco

AUG 21 1997

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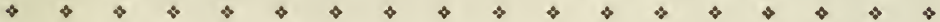
### SPECIAL MEETING

MONDAY, AUGUST 25, 1997, 11:00 A.M.

VETERANS BUILDING  
401 VAN NESS AVENUE, ROOM 410  
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



### Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE  
BOARD OF SUPERVISORS  
CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING

MONDAY, AUGUST 25, 1997 - 11:00 A.M.

VETERANS BUILDING  
401 VAN NESS AVENUE  
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 172-97-54. [Owner Indemnity, 690 Chestnut Street] Resolution authorizing the Director of the Mayor's Office of Housing to enter into an agreement with Villa North Beach-II, LLC ("Owner") to indemnify owner with respect to the sales of four inclusionary affordable housing units in owner's development located at 690 Chestnut Street. (Supervisor Brown)

ACTION:

2. File 60-97-4.2. [Rebuttal Argument, Proposition A] Motion authorizing rebuttal to opponent's ballot argument against Proposition A, relating to revenue bonds in an amount not to exceed \$157,000,000 for water system reliability and seismic safety improvements. (Clerk of the Board.)

ACTION:

3. File 60-97-5.2. [Rebuttal Argument, Proposition B] Motion authorizing rebuttal to opponent's ballot argument against Proposition B, relating to revenue bonds in an amount not to exceed \$147,000,000 for safe drinking water improvements. (Clerk of the Board.)

ACTION:



## LEGISLATION UNDER THE 30-DAY RULE

File No. 97-97-42, Grant Procedures, Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-43, Claims/Litigation Settlement Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-44, Employee Claims Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 97-97-45, State Disability Insurance Approval Authority, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/3/97.

File No. 127-97-1.1, Emergency Response Fee Increase, Ordinance, (Mayor), 30 day Rule expires 9/3/97.

File No. 127-97-8, Taxation, Domestic Partner Owned Business, Ordinance, (Supervisor Leal), 30 day Rule expires 9/3/97.

File No. 97-97-49, Repeal Authority, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-50, Repeal Fee, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-51, Repeal Fund, Lead Hazard Abatement Program, Ordinance, (Supervisor Kaufman), 30 day Rule expires 9/10/97.

File No. 97-97-52, Surplus Good's Donations, Ordinance, (Supervisor Brown), 30 day Rule expires 9/10/97.

File No. 206-97-5, Procurement Agreement, Housing Authority, Resolution, (Mayor), 30 day Rule expires 9/10/97.

Watch future calendars for scheduling of these matters.

FINANCE COMMITTEE  
S.F. Board of Supervisors  
Veterans Building  
401 Van Ness Avenue, Room 308  
San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!



CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

August 22, 1997

DOCUMENTS DEPT.

**TO:** Finance Committee

AUG 27 1997

**FROM:** Budget Analyst

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PUBLIC LIBRARY

**SUBJECT:** August 25, 1997 Special Finance Committee Meeting

Item 1 - File 172-97-54

**Department:** Mayor's Office of Housing (MOH)

**Item:** Resolution authorizing the Director of the Mayor's Office of Housing to enter into an agreement with Villa North Beach-II, LLC, the owner of a condominium development, to indemnify the owner with respect to the marketing and sale of four inclusionary affordable housing units in this development.

**Description:** Villa North Beach-II, LLC (Villa North) is the owner of a 117-unit condominium housing development located at 690 Chestnut Street, at Columbus Avenue. In accordance with the City's Inclusionary Housing Policy and City Planning Commission motions approved on September 21, 1989 (Motion 11759) and approved on October 6, 1994 (Motion 13761), the owner of this development is required to designate four units, or 3.4 percent, of the 117-unit development for sale to low and moderate income first-time homebuyers.

The proposed resolution would authorize the Director of the Mayor's Office of Housing to enter into an agreement on behalf of the City with Villa North, the owner of this condominium housing development to (1) confirm that the

City, either itself or through the City's Broker, is solely responsible for the marketing and sales of the four affordable condominium units and (2) to indemnify the owner for any loss, damage, injury, liability or claims resulting from the marketing and sale of these four affordable units, except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of the owner.

**Comments:**

1. Prior to 1989, the Villa North Beach-II, LLC development project was the site of a Safeway grocery store. In 1989, the then owners, Taldan Investment Company, received approval from the City's Planning Commission (Motion 11759) for a condominium development project on this site. Construction on this project began shortly thereafter, and was scheduled to be completed in early 1993. However, in 1992, Taldan Investment Company filed for bankruptcy and halted construction on this condominium project. The City revoked Taldan's building permit. Subsequently, Emerald Fund, the parent company of Villa North Beach-II, LLC bought this uncompleted condominium development project. In October, 1994, the City Planning Commission approved a Conditional Use Permit for this 117-unit condominium development project (Motion 13761). Villa North is now completed and according to the Mayor's Office of Housing, all of the condominium units, except for the four affordable units, that are the subject of the proposed legislation, have been sold.

2. Ms. Leslie Trutner of the City Attorney's Office reports that Villa North Beach-II, LLC, which is both the listed owner of this development and the current name of this development project, is affiliated with Emerald Fund, Inc., a development corporation. According to Ms. Maggie LaRue of the Mayor's Office of Housing (MOH), the principals of Villa North are Mr. S. Osborn Erickson, President and Mr. Peter A. Bosma, Vice President.

3. Ms. LaRue reports that in accordance with the City Planning Commission's motions, the owner, Villa North, is not obligated to sell the four affordable condominiums. Since the City does not have a realtor's license to actually sell these units, Ms. LaRue reports that the MOH intends to contract with Pacific Marketing Associates to act as the Broker to sell the four affordable units on the City's behalf. According to Ms. LaRue, due to the short timeframe, Pacific Marketing Associates was selected on a

sole source basis because of Pacific Marketing Associates' previous experience with selling affordable housing units in a recent project in Marin City and at the Harbor Lofts in the South of Market area. In addition, Pacific Marketing Associates is the broker for the market rate condominiums at the Villa North Beach-II, LLC development.

4. Ms. LaRue reports that Pacific Marketing Associates will market each of the four two-bedroom condominium units at an asking price of approximately \$185,000. According to Ms. LaRue, comparable market rate units in the Villa North development have been sold at approximately \$240,000. As a result, each of these four affordable condominium units would be sold at approximately \$55,000 below the market rate.

5. In order to qualify, the prospective buyers for the four affordable condominiums must earn no more than 100 percent of the San Francisco Bay Area median income, which is currently as follows:

<u>Size of Household</u>	<u>Annual Income</u>
One Person	\$45,100
Two Persons	51,500
Three Persons	57,950
Four Persons	64,400

6. Of the approximately \$185,000 asking price, or a total of \$740,000 for the four units, Villa North, the owner of the development will receive \$150,000 per unit, for a total of \$600,000. The owner's costs and other fees are to be allocated as follows:

	<u>Cost per Unit</u>	<u>Total Cost</u>
Owner	\$150,000	\$600,000
Appliances	2,000	8,000
Commission/Advertising	10,000	40,000
Title, Recording, Transfer Fee	<u>1,500</u>	<u>6,000</u>
Total	\$163,500	\$654,000

According to Mr. Daryl Higashi, the Deputy Director of the MOH, the balance of \$21,500 per unit (\$185,000 asking price less \$163,500 cost per unit), or a total of \$86,000 for the four units will be used to provide a "silent second" mortgage for the prospective homeowners. Mr. Higashi reports that no City funds would be used to provide these silent second mortgages, and that no City



funds are being used for this project, other than some administrative time for MOH staff.

Instead, these second mortgages would simply be a paper transaction representing the difference between the identified costs of the units, as shown above, and the asking price for each condominium unit. In other words, the prospective buyers would only have to pay approximately \$163,500 for the unit and assume a \$21,500 silent second mortgage from the City, for a total cost of approximately \$185,000. According to Mr. Higashi, these silent second mortgages are intended to provide additional assistance for the buyers in purchasing these units and would enable the City to control the future resale of these units to qualified buyers. These second mortgages would be recorded as a restricted deed of trust on the property. However, these second mortgages (1) would be interest free loans, (2) would be required to be paid back to the City at the time of resale of the unit and (3) would be available for use by the next purchaser of the property.

7. City Planning Motion 13761 requires that the close of sale on these four affordable condominium units must occur prior to November 24, 1997. If this deadline is not reached, these four affordable units would then revert to market rate housing. Given (a) the task of marketing these units to ensure wide publicity and equitable access to all interested parties, (b) the need to qualify buyers for these housing units and (c) the paperwork involved for closing documents, Ms. LaRue reports that time is of the essence. If these units are sold as affordable units, then for the next 50 years these four units would retain their affordable designation, such that these units would have to be resold to qualified buyers, who do not earn more than 100 percent of the then median annual income.

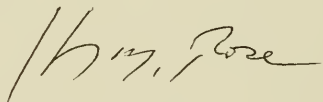
8. The proposed resolution only approves an agreement to be entered into between the City and Villa North regarding indemnification for the marketing and sale of the four condominium units. In accordance with the proposed agreement, the City, through the Broker, Pacific Marketing Associates, will be solely responsible for the marketing and sale of the four units. Villa North, the owner will have no responsibility for these sales and marketing activities. Ms. Trutner reports that the proposed indemnification clause does not remove any liability by the owner for any construction or other



defects, or any other issues that are not exclusively related to the marketing and sale of these four condominiums.

9. Ms. Trutner reports that the City Attorney is currently preparing an agreement to be entered into between the City and Pacific Marketing Associates, the City's designated broker, to sell the four condominium units to low and moderate income first time homebuyers. Under that agreement, Pacific Marketing Associates will indemnify the City for any loss, damage, injury, liability or claim resulting from the marketing and sale by Pacific Marketing of these four affordable condominium units. Under this proposed subject agreement with Villa North, the owner of the subject condominium development project, the City would indemnify Villa North from any liability with respect to the marketing and sale of the four condominiums. However, given that an agreement will be entered into between Pacific Marketing Associates and the City for Pacific Marketing Associates to indemnify the City from any losses regarding the marketing and sale of the four condominium units to be sold to low and moderate income first time homebuyers, the City's potential liability should be minimal, according Ms. Trutner. According to Ms. Trutner, the agreement between Pacific Marketing Associates and the City will not require approval by the Board of Supervisors.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal	Supervisor Teng
President Kaufman	Supervisor Yaki
Supervisor Brown	Supervisor Yee
Supervisor Ammiano	Clerk of the Board
Supervisor Bierman	Controller
Supervisor Katz	Stephen Kawa
Supervisor Medina	Ted Lakey
Supervisor Newsom	









